

97-84054-5

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Cotton standards

Washington

1923

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U.S. Congress. House. Committee on agriculture
Box 137 Cotton standards; hearings before the Committee
on agriculture, House of representatives, Sixty-
seventh Congress, fourth session. February 5, 9,
and 12, 1923. Series JJ. Washington, Govt.
print. off., 1923.
cover-title, iii, 45 p. 23cm.

406701

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TECHNICAL MICROFORM DATA

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BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: U.S. Congress. House.

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Box 137

COTTON STANDARDS

HEARINGS

BEFORE

THE COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH CONGRESS
FOURTH SESSION

FEBRUARY 5, 9, AND 12, 1923

Series JJ



WASHINGTON
GOVERNMENT PRINTING OFFICE
1923

COMMITTEE ON AGRICULTURE.
HOUSE OF REPRESENTATIVES.
SIXTY-SEVENTH CONGRESS, FOURTH SESSION.

GILBERT N. HAUGEN, Iowa, *Chairman*.

JAMES C. McLAUGHLIN, Michigan.
CHARLES B. WARD, New York.
FRED S. PURNELL, Indiana.
EDWARD VOIGT, Wisconsin.
M. O. McLAUGHLIN, Nebraska.
CARL W. RIDDICK, Montana.
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T. S. WILLIAMS, Illinois.
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H. M. JACOWAY, Arkansas.
JOHN W. RAINEY, Illinois.
JAMES B. ASWELL, Louisiana.
DAVID H. KINCHELOE, Kentucky.
MARVIN JONES, Texas.
PETER G. TEN EYCK, New York.

L. G. HAUGEN, *Clerk*.

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W.P. 202 1920

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COTTON STANDARDS.

COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES,
Monday, February 5, 1923.

The committee met at 10 o'clock a. m., Hon. Gilbert N. Haugen (chairman), presiding.

There were present: Mr. Haugen, Mr. McLaughlin of Michigan, Mr. Purnell, Mr. Tinscher, Mr. Williams, Mr. Sinclair, Mr. Thompson, Mr. Clague, Mr. Jacobway, Mr. Aswell, Mr. Kincheloe, and Mr. Jones.

The CHAIRMAN. We will now hear from Mr. Fulmer on H. R. 6753.

STATEMENT OF HON. HAMPTON P. FULMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA.

Mr. FULMER. Mr. Chairman to expedite matters and to be able to give Mr. Meadows more time on this bill, I want to read my remarks in connection with the bill.

I want to say at the outset that I have been asked by a good many of the Members about the connection of my bill with Senator Dial's bill. I want to say that this bill is not at all similar to Senator Dial's bill, and deals altogether with a different subject in connection with cotton.

The CHAIRMAN. You might state the purpose of the bill. It is simply to license inspectors, is it not?

Mr. FULMER. No, sir. My bill, known as the United States cotton standards bill, now before you for consideration, proposes to adopt the Government standards or classifications in all spot-cotton transactions in the United States.

The CHAIRMAN. We have already adopted Government standards.

Mr. FULMER. That is what I want to speak to you about.

The CHAIRMAN. But that only applies to future delivery and does not apply to spot cotton.

Mr. FULMER. That is right.

Several years ago the Department of Agriculture set up what is known as official standards in grading cotton. Practically all of the cotton exchanges of the United States, especially the larger ones, have adopted the official standards, as you gentlemen know, and on account of this you would suppose that in all spot-cotton transactions these exchanges would use the official standards. This is not true, however, but to the contrary, only New Orleans and New York use the Government grades and then only in delivering spot cotton on future contracts.

Mr. ASWELL. Let me interrupt you, Mr. Fulmer, right there. Under the regulations of the department established under the present cotton futures act—this is section 1—"the following markets have been determined after investigation and are hereby designated to be bona fide spot markets within the meaning of the act: Atlanta, Ga.; Augusta, Charleston, Dallas, Fort Worth, Galveston, Houston, Little Rock, Memphis, Mobile, Montgomery, New Orleans, Norfolk, Pains, Tex.; Savannah, Ga."

Mr. FULMER. What are you reading from, Doctor?

Mr. ASWELL. From the regulations now in force under the cotton futures act. This is in force now and there are spot cotton markets in these various towns.

The CHAIRMAN. I have a letter here from the Secretary of Agriculture; I take it that had better be read now.

Mr. FULMER. If you will just wait a little later to read that letter, I would prefer it, Mr. Chairman.

The CHAIRMAN. All right.

Mr. PURNELL. Is it your contention, Mr. Aswell, that in the light of those regulations this bill is not necessary.

Mr. ASWELL. I am just raising that question. He says it applies to future contracts, and here are the spot markets already established.

Mr. FULMER. I am going to bring out all those points, but still I would be glad to have any of the members interrupt me during my reading of this statement. I want to say, in connection with what Doctor Aswell has mentioned, that I can prove by his folks in Louisiana and in every other southern State where they have adopted the standards, but they are not used in spot transactions. Not a single bale sold by the producers in the cotton States is sold on Government official standards, but between the producer and thousands of buyers who speculate on the grades, until it is sold to the mill or the ultimate buyer; they buy on Liverpool or private standards, but all sales to mills are on official standard, and, to hear me out on that, I refer you to the letter of Mr. Miller, of Texas, that I propose to have printed in the hearings, as well as various other letters that I shall offer for record.

Mr. ASWELL. You are just simply mistaken about that, and Mr. Miller is mistaken about it, if he says that.

Mr. FULMER. I am speaking to you gentlemen as a farmer and one who has bought and sold thousands of bales of cotton. I am now in the business. I not only produce cotton but buy from the producers, and I sell to Barrett & Co., in Augusta, Ga., one of the largest cotton factors in the world, and other cotton factors, as well as through commission merchants, and they absolutely buy on Liverpool grades. Now, I contend that the passage of my bill will give to the producer, as well as the buyer, the same protection as those who deliver spot cotton on future contracts and to mills. I want to see a uniform standard all over the country which will eliminate the undergrading of cotton by those who would be dishonest and the confusion caused by Liverpool and private standards.

Mr. PURNELL. Who is that?

Mr. FULMER. Barrett & Co., they are large cotton factors. I have here a letter which I want to place in the record, from Marshall Field & Co., of Chicago, who own about 25 cotton mills in North Carolina and Virginia.

Mr. ASWELL. They are not producers.

Mr. FULMER. No; and they say, "We buy all of our cotton on Government official classifications."

Mr. JONES. Does your bill—

Mr. FULMER. One moment, please, Mr. Jones. I have here letters, which I want to put in the record, from agricultural commissioners and the presidents of agricultural colleges who are engaged in extension work and demonstration work, and who have demonstration agents all over the States and many States have cotton classifiers, and yet they say they can not deliver a bale of cotton on Government classification, bought from the producer, until it is delivered to the mills.

Mr. JONES. Does your bill change the number of grades?

Mr. FULMER. Not at all.

Mr. JONES. It leaves the present numbers just as they are?

Mr. FULMER. Just as they are, yes.

Mr. ASWELL. Now, Mr. Fulmer, you say they are not using Government standards, although that is a regulation of the Department of Agriculture. If they are not using them how will your bill make them do it?

Mr. FULMER. It gives the Agricultural Department the power—

Mr. ASWELL. It has the power now to enforce the regulations.

Mr. FULMER. Only on delivery of spot cotton on future contracts.

I will read you later a letter from Mr. Steuart, the Census Director, wherein he says that the Congress has the right to regulate this through interstate and foreign commerce, but now they can not do it, and spot cotton is only delivered in New Orleans and New York on future contracts but in no other transactions, and I can prove to any gentleman in any cotton buying town in the South that not a single bale is delivered on official standards except to the mills. They have the samples sent out by the Agricultural Department to the various cotton States for comparison with the samples offered by the producer. The farmer will come up with a sample of cotton just like this [indicating]. Here is a sample of cotton, by the way, sold by a farmer in Columbia, S. C. He had with him the official grader, and the grader said, "Mr. Buyer, this bale of cotton is good middling," and it is good middling. That bale of cotton was bought from the producer as strict middling cotton

and the difference today is \$1.75 a bale. Here is a bale of cotton [indicating] of lower grade that you can put right side by side with the official grade and it will grade strict good ordinary—but this bale was bought from the producer as ordinary. The difference between these two grades is \$2.50 per bale.

The CHAIRMAN. What is the actual grade of it?

Mr. FULMER. That is strict good ordinary cotton.

The CHAIRMAN. And what was it sold for?

Mr. FULMER. Ordinary, and the difference to-day is \$2.50 a bale. A few years ago we had a tremendous difference, especially with the lower grades, and I want to say in that connection that when that cotton is delivered to the mill by the last buyer, it is sold to the mill as strict good ordinary cotton and on the length and strength of the staple, but not a single bale is bought from the producer except on color and without any official standards.

Mr. JONES. In other words, they hook the farmer on the proposition?

Mr. FULMER. Yes. We have lots of buyers who buy on the Liverpool grades, who are honest. In the meantime we have thousands of men speculating on the grades only, that will say to this farmer, "That is strict low middling." The farmer does not know anything about it and they buy the cotton at perhaps one or two or three different grades below official standards, and then deliver to the mills on official standards, Mr. Chairman, in connection with the grain proposition.

The CHAIRMAN. Was that cotton stored in a Government warehouse?

Mr. FULMER. Not necessarily so.

The CHAIRMAN. I mean in this particular transaction?

Mr. FULMER. I am not sure about this particular lot but the same thing applies to cotton stored.

The CHAIRMAN. Just a minute. That is a fair example of what is taking place in connection with this warehouse legislation, the question involved here, to give the warehouseman the right to make his own grades, to grade it down when he buys it from the planter and grade it up when he sells it.

Mr. FULMER. Mr. Chairman, here is a sample [indicating] of "strict good ordinary," and they make more money out of low grade cotton than any other cotton that is produced. They buy that cotton from the farmer down there as "ordinary" and sometimes as what they call "dogtails," and there is a difference of from \$2.50 to \$5 a bale. When that is shipped to the mills they put it out as "strict good ordinary." It is put in the warehouse that way, and in connection with the warehousing of cotton I want to say that the banks in the country, and especially the Federal reserve banks, can not know exactly how to lend money on that because it is not officially graded. Many times they will take it in and grade it "good middling" when it is "strict low middling," and thereby want to rob somebody by giving more money than they ought to have, and then, again, they can not possibly get the amount of money they ought to have because it is not officially graded, and the Federal reserve bank does not know what kind of grade it is.

I want to say in that connection that for the past 50 years the producers of cotton have been robbed out of millions and millions of dollars by the undergrading of their cotton. Out of the 10,000,000 bales of cotton produced in 1921 not a single bale of this cotton has been sold by the producer on Government classification.

The adoption of the Government classification in grading would give to the buyer and seller of cotton a uniform grade all over the United States. This would eliminate thousands of speculators who are mopping up by the undergrading of cotton at the expense of the producer.

Mr. Smith, in a speech in the Senate, along this line stated that you can take a farmer driving up in any cotton town in South Carolina or in any of the Southern States—and it is a fact because I have bought thousands of bales from them myself—they will walk up and give you a sample. One buyer will say, "I will give you 15 cents. That is middling cotton." Another buyer will go down the line and call it strict low middling and strict good ordinary. The farmer does not know anything about it. If he sells to the first man or to any man he meets, perhaps they rob him of one or two grades in his cotton, and then that cotton is shipped out on actual grade.

Mr. TINCHER. I do not know anything about cotton, and I am asking this through curiosity more than anything else. Is it a physical and scientific proposition that the cotton can be graded accurately?

Mr. FULMER. Absolutely. We have in South Carolina to-day, Mr. Tinchler, graders sent out by the Agricultural Department, and they stand there—in fact,

just the other day I sold 225 bales of cotton, and I had to stop the delivery of that cotton on account of the way they graded it. I called in two of the classifiers working under the Government, and we could only deliver that cotton then on Liverpool grades, and I can get affidavits from those graders to-day that the undergrading of that lot of cotton, according to the official grades, would amount to not less than \$500.

Mr. TINCER. The point I am making is that it is not a matter necessarily of somebody giving an honest opinion, but is a matter of exact science.

Mr. FULMER. Yes, but my bill gives the right to the buyer or the seller to appeal to the Government, and they have expert classifiers and that is what we want. The farmer and the small-town buyer has not any appeal. I ship cotton to Augusta and they send me unsatisfactory returns as to grades, and I say to them, "I want you to stop the selling of that cotton," and, then, I go over there and go through the cotton and they refer me to the exchange, but they compose the exchange and I might just as well have taken the grading to start with, because they settle it right there, but under my bill I can call on the Government to go through these grades and give me exactly what belongs to me. The same thing applies to the exporters who now have to settle their claims in Liverpool.

Mr. JACOWAY. Do you mean that in the case of every bale of cotton you can call on the Government to go into the grades?

Mr. FULMER. Yes; every lot of cotton.

Mr. ASWELL. Take the example you have just given. How would he get Government action in that case? Would he get Government action on just 1 bale?

Mr. FULMER. Yes; under State supervision. The farmer brings it into town and practically every town in the country have their classifiers.

Mr. ASWELL. Government classifiers?

Mr. FULMER. Yes; under State regulations.

Mr. JACOWAY. No; they don't.

Mr. FULMER. In my State they do, and they would in yours, but what is the use?

Mr. JACOWAY. Not in my State. Generally, the man who buys the cotton in my State is a representative of some mill or some broker in cotton.

Mr. FULMER. Yes.

Mr. JACOWAY. And he has not the hall-marks of the State or Federal Government.

Mr. FULMER. Who represents the farmer in that deal?

Mr. JACOWAY. He has no representative in that deal.

Mr. FULMER. That is exactly the point I am making, and I want to say to you that I will show you by the figures of the gentleman from Louisiana that in 1919 the difference in the price paid by the mills and the price received by the farmers in the cotton States amounted to \$220,000,000.

Mr. ASWELL. I said that in my speech.

Mr. FULMER. Yes. Now, how do you account for the difference between those amounts, which would be \$20 a bale?

Mr. ASWELL. I would have schools teach the farmer how to grade his cotton himself.

Mr. FULMER. Mr. Chairman, they have right now all of that work in the agricultural colleges in the South, and I have letters from the presidents of those colleges saying that we might just as well stop it, because they send out their graders and they are just like a knot on a log. They have the samples from the department and they put them side by side with the sample from the producer's cotton and they show it to the buyer, but the buyer says, "No, I can not deliver it on that" classification, but when it passes into the hands of the larger buyer or some of these other men selling to the mills then they staple every bale and sell on official grades and the mills accept it, as shown by letter of Marshall Field & Co. that I shall have printed in the hearings.

Mr. JACOWAY. What I am trying to get at is where does the individual farmer that brought in that bale of cotton come in?

Mr. FULMER. He will get the benefit of the classifier who is there by the authority of the State.

Mr. JACOWAY. Under your bill do you put a classifier in each town?

Mr. FULMER. We do not have to worry about that. I am not asking this under my bill now before you. The Federal Government is not going to do

that, but the States are doing it now, but they are not doing it in some of them because it is useless to put them there because they can not deal on official grades.

Mr. ASWELL. If your bill passes, is it your idea to put a Federal classifier in every small cotton town?

Mr. FULMER. No, sir.

Mr. ASWELL. Then suppose this farmer goes to a town where there is not a Federal classifier?

Mr. FULMER. Mr. Meadows will explain that to you fully.

Mr. TINCER. We do not have a Federal wheat classifier in every town but they can not rob you on grades of wheat.

Mr. FULMER. You are right, and if my bill passes it will work equally as well on cotton.

The CHAIRMAN. Your bill provides for an appeal in case they are not satisfied?

Mr. FULMER. Absolutely.

The CHAIRMAN. In that case they have the right of an appeal to the Secretary of Agriculture.

Mr. FULMER. Yes. They have the expert graders in the larger centers like Dallas, Tex., and Atlanta, Ga., and places of that kind, where they can get expert service. The average cotton buyer; that is, the merchant, wants to do the right thing with the producer, and I can produce thousands of letters from cotton merchants who want to give to the producer every cent that belongs to him so as to help him have more money to spend and pay his obligations, but they have got to buy that cotton from the producer so as to be able to deliver to the other fellow. I have bought thousands of bales of cotton and I knew at the time that the producer was being robbed but I had to buy so as to deliver to the other fellow higher up.

Mr. JACOWAY. Mr. Fulmer, ever since I have been on this committee I have tried to get some bill passed or some regulation established on the part of the department that would give to the man who actually produced a bale of cotton what that cotton is worth; that is, to put into operation some law or some machinery that will take the farmer who raised that cotton what its staple is and what it is worth, and I will say to you now that if your bill will bring about that result, I am heartily in favor of it.

Mr. FULMER. Yes, sir. My bill—

Mr. JACOWAY. Just a minute. I want you to tell the committee what would happen in a case of this kind: If I bring that bale of cotton in and you buy it from me at 15 cents, where am I going to get the benefit of this classification. In other words, how am I going to get a better price for it?

Mr. FULMER. As a producer?

Mr. JACOWAY. Yes; as a farmer and as the man who has produced it.

Mr. FULMER. I can show you that in a moment.

Mr. JACOWAY. If you can show me that and your bill will accomplish that purpose, I am for it.

Mr. FULMER. My bill will do that and I will show you why.

Mr. ASWELL. Show us now.

Mr. FULMER. South Carolina to-day has already put into the State of South Carolina her graders, under the supervision of the State government through its agricultural department, and also from the agricultural colleges, and they have their sworn cotton weighers put there by the people to weigh that cotton and see that the producers get the right weight and grade.

These graders are in practically every little town or at the county seat and the farmer with his 1 bale or his 50 bales of cotton can go there and have his cotton graded by the man at the courthouse. Then he goes to his own town and when the buyer says that this is strict low middling and not middling cotton, he refuses to sell. The States that have not any graders to-day will put them in. Georgia, South Carolina, and a number of the States, have already passed State laws to regulate the grading of cotton according to the official standards, and if we do not pass this bill, what remedy will they have?

Mr. ASWELL. If the States are doing that why should the Federal Government take any part in it?

Mr. FULMER. The States can not regulate it in interstate commerce. They can only regulate it within the State and they can not enforce it within the States because lots of cotton is shipped to other States.

Mr. JACOWAY. Right on that proposition—they can regulate it as interstate commerce because this committee—

Mr. FULMER. The Department says not and Mr. Meadows, who represents the Department, will tell you so.

Mr. JACOWAY. I know Mr. Meadows and he is the right man in the right place, but as to a definition of what shall constitute interstate commerce, this committee drew a definition of interstate commerce in the packers bill and the Supreme Court of the United States held that it was a good definition; and that was, if this stuff was intended to go into interstate commerce then in truth and in fact it was interstate commerce. Is not that true, Mr. Meadows?

Mr. MEADOWS. Yes, sir.

Mr. JACOWAY. You would not have any trouble along that line.

Mr. MEADOWS. We have no constitutional trouble, as I understand it.

Mr. SINCLAIR. In grading cotton—

Mr. FULMER. I want to ask this, Mr. Meadows. As a matter of fact, the producer is not delivering cotton on official grades, as you understand it?

Mr. MEADOWS. He can not get the final decision of the Department of Agriculture on the grade except in exceptional cases where it is delivered in settlement of future contracts, or perchance there is the same demonstration agent who is demonstrating the usefulness of cotton standards in a community, and in that way he might get our services; otherwise he can not.

Mr. JACOWAY. Suppose this man employed by the State of Alabama or the State of South Carolina grades this cotton and says it is a certain grade, then the spinner up in Massachusetts says: "No; it is not that grade; it is another grade entirely, and I refuse to take that grade," are you not then right where you commenced?

Mr. MEADOWS. Under this bill, if it were enacted into law, it would come before the Secretary of Agriculture, and he would have men appointed who would make the determination as to the true grade and staple of the cotton and his determination would be final and binding on all officers of the United States and in all the Federal courts.

Mr. JACOWAY. I am getting right back to the question that Doctor Aswell asked, where is the man who produced that bale of cotton coming in?

Mr. MEADOWS. He will come in all right and can get his own under this bill, in my judgment.

Mr. FULMER. Absolutely, yes.

Mr. ASWELL. Show us just how he comes in.

Mr. JACOWAY. If he gets 15 cents for his cotton—

Mr. MEADOWS. You are pulling me into the hearing ahead of my time, but you are supreme and of course I will do as you say.

Mr. JACOWAY. I want to have it explained.

Mr. MEADOWS. If the producer of cotton has a lot of cotton he sold to a buyer and if the producer and the buyer disagree as to the grade on final delivery, and if that cotton has moved in interstate or foreign commerce, either party to the transaction would have the right to refer the matter to the Secretary of Agriculture, and the determination of the Secretary of Agriculture would be final so far as the courts of the United States are concerned.

Mr. ASWELL. Right there, the producer has already sold it in his local town.

Mr. MEADOWS. He would have to sell—

Mr. ASWELL. Let us get at the practice. I know what the practice is. The average producer sells to his local merchant and when that local merchant sells it to the spinner, then your contest arises.

Mr. MEADOWS. It could arise between the producer and the local merchant if it has moved in interstate commerce, otherwise not. That would affect a large percentage of the business of the United States but it would not affect all of it.

Mr. ASWELL. Let me ask you one more question. In arriving at the judgment that that sample is good middling cotton, did you take into consideration the length of the staple?

Mr. MEADOWS. No, sir.

Mr. FULMER. The producer does not get anything on the length of the staple, but he should and will under my bill.

Mr. MEADOWS. Actually, in grading cotton the length of the staple is not considered a part of the grade.

Mr. FULMER. I would like to refer you to section 10 of my bill, where it authorizes the Secretary to work out a plan whereby it will be stapled and

graded and tagged and that ends it. I understand now that a bale of cotton is sampled about 23 times between the producer and delivery at Liverpool.

Mr. TINCHER. My object in asking my question a while ago as to whether or not the grading of cotton was an exact science was to find out whether the producer would get the benefit of it. Are the cases of the grading of wheat and the grading of cotton analogous? You might be ever so honest a wheat buyer, but in the old days you had always to be afraid of what the fellow you were going to sell to did to you, and we did as you say you have been doing over your own protest—we took it off of the producer and took no chances.

Mr. FULMER. Yes.

Mr. TINCHER. Now, if you are purchasing cotton and you know they will try to rob you on the grades higher up when you sell it, you are going to allow for that, but if you are an experienced cotton man and know the grades then you can give the producer the benefit of it, and in that way the entire benefit does reflect to the producer.

Mr. FULMER. Absolutely.

Mr. TINCHER. Just as in the grading of wheat.

Mr. FULMER. Yes; and in that connection we want to pass this bill to eliminate those who are not honest in the grading. The honest man is going to do the best he can on the Liverpool grade.

Mr. TINCHER. I do not believe you will ever go to the extent by a grading act of protecting the producer from the dishonest purchaser. That is a proposition the trade has to take care of itself, but if an elevator man is off-grading wheat on the farmer to-day it is impractical for the farmer to appeal and for him to get the proper grade, but it is impractical for any man to buy wheat to-day who tries those tactics, and for that reason the farmer gets the benefit of the standard grades on wheat that he used not to get. Like yourself, I was somewhat in the business and we used to be scared to death every time we unloaded a load of wheat, because we were afraid we would be robbed at the other end of the line, and as a consequence every wheat man in the United States, regardless of who he was, took a little more margin off of the producer than he does now.

Mr. ASWELL. May I show you the difference between cotton and that situation? Mr. FULMER. In that connection, I just want to add that this bill perhaps would not remedy the situation to the extent that we would like to see it remedied, but it will go a long way, and we have the agricultural interests, the American Cotton Association, the South Carolina Cotton Growers' Association, the presidents of the colleges, and the agricultural commissioners of the States in favor of this legislation. They want this legislation; then why should we object to it?

Mr. TINCHER. What is the difference between the cotton and the wheat proposition, Mr. ASWELL?

Mr. ASWELL. If you can show me that this bill helps the producer, I am for it, but there are some questions that naturally arise, and this is one of the leading ones: This cotton is graded according to color, with reference to stains, and trash, etc., and not according to the staple. Now, the facts are that France has her own system of grading and recognizes none of the American standards, and France buys the longest staple cotton to be found in America because of its silk connection.

Germany buys the sorriest, poorest grades, according to their actual business requirements. Now, you take cotton, Mr. Tinchler, that is not affected by the boll weevil, and the staple would perhaps be one and one-sixteenth inches long, but as soon as the boll weevil attacks it it wastes the sap and the bolls that mature, of course, are lower down on the stalk, and as these later bolls come on and on and on the boll weevil punctures them and they lose their sap, and the stalk thereby becomes weak, and the result is that the bolls that do mature do not mature normally, and the result is that some of that good middling cotton in the boll-weevil area will have a staple seven-eighths of an inch. Now, if you grade it all good middling, and France buys the long staple preferably, and it is all good middling, will she not pay the price of seven-eighths instead of one and one-sixteenth?

Mr. TINCHER. That was my whole object in asking whether it was possible to grade it accurately.

Mr. SINCLAIR. Then it is not strictly a matter of science?

Mr. ASWELL. You can not tell a thing about the staple of cotton until you know how much the stalk has been interrupted and sapped and weakened.

Mr. FULMER. In that connection, I want to say to you, Doctor, that as far as grading cotton is concerned, grading cotton as to color and as to the length of the staple are absolutely two different propositions.

Mr. ASWELL. But they must be considered together.

Mr. FULMER. The farmer does not get any advantage in the staple of the cotton and grading according to color and according to length of the staple are two propositions. When they deliver to the mills or when they are ready to ship to France they not only grade as to color but as to length of the staple.

Mr. ASWELL. Where does the producer come in on that?

Mr. FULMER. He does not get in at all and we want the passage of this bill so the graders in the States can look after that.

Mr. TINSCHER. The object of your bill is to make it possible for the producer to have a market for just what he has?

Mr. FULMER. Absolutely, and nothing else. What we want is to put him on the same footing as the mill or anybody else.

Mr. ASWELL. Then you ought to provide in the bill that this cotton is good middling seven-eighths, nine-tenths, or one and a fourth staple. That ought to be stamped on the cotton if you want to take care of the producer.

Mr. FULMER. As I said a few moments ago, Doctor Aswell in a speech on the floor of the House said:

"North Carolina produces and the mills of North Carolina consume about 800,000 bales of cotton and the producers of this 800,000 bales received \$7,228,000 less than the amount paid for the same number of bales by the mills of North Carolina."

Mr. ASWELL. That is true.

Mr. FULMER. I agree with Senator Smith, Doctor Aswell, and thousands and thousands of poverty-stricken cotton farmers who help clothe the world, that they are entitled to this legislation so as to receive just that degree of protection as other classes of businesses and professions.

Mr. Aswell gets his figures from the records of the Department of Agriculture, Department Circular 56, dated August, 1919.

These records also show that the average price of cotton received by the individual producer in the United States in 1919 was about 4 cents a pound, or \$20 a bale less than the cotton mills paid for the same grade and staple. This means that the mills paid \$220,000,000 more for the cotton than the farmers received for it. On this basis the farmers of my State—South Carolina—sold their crop of 1,462,277 bales for \$39,245,540 less than the mills paid for it.

Mr. Stewart, Director of the Census—

Mr. ASWELL (interposing). May I interrupt you right there, inasmuch as you quote from my speech. I was making an appeal to transmit information to the cotton producer as to the grade of his own product so that he would learn what he had in his hands when he went to sell it.

Mr. FULMER. Mr. Aswell, they have this information now, but they are unable to force the buyer to recognize official standards, but under my bill they could appeal to the Agricultural Department.

Mr. ASWELL. Oh, no; they do not know anything about grades. The average farmer does not know whether that is good middling or not.

Mr. FULMER. They have the classifiers but they can not deliver the goods, and it is useless unless they can, and that is why we ask the passage of this bill.

Mr. Stewart, Director of the Census, recommends Government supervision to secure uniform cotton classification. On December 12 last, in giving out a statement, he said:

"There is considerable demand for statistical information as to the quantities of the several grades of cotton held in stock in the United States. Obviously, under present conditions, it is impossible to secure reliable information of this character, since much of the cotton is not accurately graded until it reaches the more important cotton markets or concentration points. Since practically all of the cotton produced in the United States enters either into interstate or foreign commerce, it is within the power of Congress to enact legislation requiring such cotton to be graded and stapled under Government regulations."

Mr. TINSCHER. Do you not think, Doctor Aswell, you will eventually want a cotton grading law?

Mr. ASWELL. Certainly I do, but I want a law that gives the farmer the advantage of knowing what he is to get when he sells it.

Mr. FULMER. This bill is subject to amendment, you know, Mr. Aswell.

Mr. ASWELL. Let me explain that. I saw yesterday a man checking up his sales of tobacco in Kentucky from two farms. He had sold it from the warehouse and he showed me that in making that estimate of the money that was due him, he calculated 32 grades of tobacco grown on his two farms. Why? To illustrate, this [indicating] is good middling and there ought to be a description of the staple so that when he goes to sell it he knows all about it and so that he would get the advantage that the spinner gets.

Mr. FULMER. How are you going to do that when here are a dozen bales of good middling cotton so far as color is concerned, but it will be one-half inch, five-eighths, seven-eighths and 1 inch. That is determined by the grader and buyer.

Mr. ASWELL. That is the point exactly. When the spinner buy it, is it not reasonable to expect him to pay the lowest instead of the highest?

Mr. FULMER. That is right.

Mr. ASWELL. That is where the trouble is.

Mr. FULMER. But the spinner gets those dozen bales of cotton on that grade.

Mr. ASWELL. And your bill does not straighten up that staple business?

Mr. FULMER. No; but if we can protect the grades by the passage of this bill, the classifiers will do that. The merchant who buys the cotton grades it afterwards, and if we have the classifiers down in South Carolina they will do that for the farmer, and there could not be any kick about it.

Mr. JACOWAY. Is it your object to get what we might call a national classification of cotton grown in the South so it will go with the millman and everybody else?

Mr. FULMER. The Government will have expert graders in the larger cotton centers.

Mr. JACOWAY. Will that reach all of the 812 cotton-growing counties?

Mr. FULMER. They will apply to them on any lot of cotton they want to, and the buyers will buy on grades to conform with the grades of the Government.

Mr. JACOWAY. Take that sample of cotton which you have in front of you there, and suppose Mr. Kincheleoe brings that bale of cotton into town and is a farmer, and you say, "Mr. Kincheleoe, I will give you 15 cents a pound for it." Suppose in truth the cotton is worth 17 cents, but you say, "I will buy your bale of cotton and will give you 15 cents and here is your money." Mr. Kincheleoe takes his money and drives back to his farm. Suppose it should develop that that cotton was worth 17 cents, yet that transaction has been closed between you and Mr. Kincheleoe, and where has Mr. Kincheleoe any comeback to get the 2 cents a pound more for his cotton than you actually paid him?

Mr. ASWELL. That is the point exactly.

Mr. FULMER. You will find that covered in a section of my bill where they undergrade and buy cotton.

Mr. JACOWAY. Do you give Mr. Kincheleoe some kind of a statement or something that he can come back on to you for, or how do you do that? What is the modus operandi?

Mr. FULMER. The cotton grader is standing between the cotton buyer and Mr. Kincheleoe there, to see that that will not happen, but it is useless to put that cotton grader there now because if he were to say that that cotton was worth 17 cents it would not amount to anything. He would have no appeal to the Government that should protect him and see to it that he is not robbed.

Mr. JACOWAY. There are 812 cotton growing counties in the South. Now, how are you going to have an agency in each State and in each county. There are 10 or 12 places in each county that buy cotton. Are you going to have somebody stationed in each one of those counties to act as a guardian for the farmer or to actually price his cotton at what it is worth according to the grade and according to the staple?

Mr. FULMER. The farmers to-day are going to the city of Orangeburg, the county seat of my county, to the classifiers, with their samples to get the grades, and then they go and sell their cotton and they know exactly what to ask for it.

Mr. JACOWAY. Now, take that same proposition and if you will explain this I am for your bill heartily. There is Mr. Kincheleoe and he has brought his cotton in to you and has sold it to you. You bought it for 15 cents and we will assume it is worth 17 cents, but he has put his money in his pocket

and has gone back to his farm. You have the cotton and you have shipped it, and suppose it develops that instead of getting 15 cents for his cotton he was entitled to 17 cents.

Mr. ASWELL. Suppose that should develop on an appeal, for instance.

Mr. JACOWAY. Yes; is Mr. Kincheloe going to be a party to the appeal or are you going to give him something so that he will have a comeback if the cotton is of better grade or better staple. Just explain the modus operandi whereby Mr. Kincheloe, for instance, is going to get any benefits under your bill.

Mr. FULMER. I will admit that so far as some farmers are concerned, coming in and giving away their cotton and continuing to do that, they can do it, but the farmers now are going to these graders and coming back with a sample of their cotton—

Mr. JACOWAY. Does your bill prevent him from doing what I have just suggested.

Mr. FULMER. I can not keep a farmer from selling his cotton for 10 cents if it is worth 15 cents, but I do not know of any farmer who would be big enough of a fool to do just that kind of a thing.

Mr. JACOWAY. But he does not know about it. We will say that Mr. Kincheloe is an ignorant farmer.

Mr. FULMER. Mr. Kincheloe can go to the man who is grading under the State laws of South Carolina, Georgia, or other States that are going to put them in and get information.

Mr. JACOWAY. Now, I will ask Mr. Meadows about this. I want to bring him into this again. Do the spinners of the North always take the grade on the cotton in the North when they come to accept it for spinning in their mills. In other words, have there not been a series of conflicts all down the line.

Mr. MEADOWS. I think so. There is a conflict constantly between the spinner and the man he buys cotton from.

Mr. JACOWAY. They have a board and there are three members of the board, and two of them are from the north and are paid by the spinners—I will not say they are paid by the spinners, but two of them are from the north and one of them is from the south, and two votes always outvote one, do they not?

Mr. MEADOWS. Yes.

Mr. JACOWAY. Now, I want to ask you one question and ask you to just answer it yes or no. As a rule, has not the producer of cotton on an appeal come out at the worst end of the horn?

Mr. MEADOWS. I can not answer that yes or no, because the producer does not get his cotton arbitrated at Boston. That committee you refer to is in Boston and the cotton shipper is the man you have reference to.

Mr. JACOWAY. The cotton shipper.

Mr. FULMER. The cotton producer is not known in that transaction.

Mr. MEADOWS. I have heard a great many complaints on the part of shippers as to the results of arbitrations at Boston, but I can not say whether in the majority of cases that is true or not, but I can say that shippers have made numerous complaints that they did not get what they considered justice.

Mr. JACOWAY. Then I will ask you if the shippers do not get the worst end of the deal?

Mr. MEADOWS. As I say, I have heard that they do not consider they got justice, but I do not want to pass judgment on what happened in Boston.

Mr. JACOWAY. Well, do they not say that the shippers do not get justice?

Mr. MEADOWS. If you will put it that way, yes.

Mr. ASWELL. Mr. Fulmer, just one more question: I understood you to say that South Carolina has graders from the Department of Agriculture, and that a man can get his cotton graded with reference to staple and everything, and then take it and sell it, and then later, you said that the State authority could not enforce its decisions because it had no authority.

Mr. FULMER. They can enforce it in the States but two-thirds of the cotton from South Carolina, we will say, goes to Georgia and North Carolina mills, and the buyer has to buy so as to deliver in North Carolina or Georgia.

Mr. ASWELL. Let us go back to this point we were just discussing. Suppose a farmer goes and gets his cotton graded by a State officer and comes to you, his local merchant, can he make you recognize that grade?

Mr. FULMER. No. We can not make anybody to-day under the present law on spot transaction buy cotton or recognize the official grade, but with the passage of this bill we can take care of your question.

Mr. ASWELL. Can that farmer of the State of South Carolina who goes to his local merchant force the merchant to recognize the grade that the officer of the State establishes?

Mr. FULMER. He can not.

Mr. ASWELL. Then why does the State of South Carolina go to the expense of having these officers, if they have no authority?

Mr. FULMER. They can see to it that the producer gets a square deal as to Liverpool grades. Now, Doctor Aswell says he is a farmer. Now, Doctor, do you know, as a matter of fact, that the farmers are selling their cotton to the buyers on Liverpool and private grades and not on official Government standards?

Mr. ASWELL. I have sold many a bale of cotton with a sample just like that [indicating].

Mr. FULMER. And you took just exactly what the buyer would give you.

Mr. ASWELL. What I did was—

Mr. FULMER (interposing). Did you know the color and the staple?

Mr. ASWELL. I knew a little something about it.

Mr. FULMER. Suppose you took that to a buyer and said it was good middling and he said it was strict middling?

Mr. ASWELL. I would go and see somebody else, and I generally succeeded in making a man agree with me about it.

Mr. FULMER. You would go to see four or five buyers, and I will tell you what they do in the towns where they have four or five buyers. They get together and they have their own pool and one man will buy to-day and another man will buy to-morrow.

Mr. ASWELL. They do not do that in my State.

Mr. JACOWAY. They do in mine. You are exactly right about that.

Mr. FULMER. And they have not any redress or any appeal to-day, and I want to say to the committee that the farmers in the cotton States in the South are being robbed out of millions of dollars, as stated by the gentleman from Louisiana, between two and three hundred million dollars, and I know that that amount of money is not taken up in freight and storage and things of that kind, and we certainly can not do any harm by giving them a bill of this kind. The farmers want it; the presidents of the State colleges who are engaged in agricultural extension work, with their demonstration agents and with classifiers, who are trying to do something to relieve the situation, want it, and I am sure we will help.

Mr. KINCHELOE. Let me ask you something about the practicability of this bill. Mr. Jacoway used my name in illustrating it, which was a very bad illustration, because I do not know anything about it. The purpose of it is, if I come into this cotton business and I know nothing about it except how to raise it and Mr. Jacoway is the buyer there, before I sell I come to you to get the official grade?

Mr. FULMER. Yes.

Mr. KINCHELOE. Let us see the practicability of that. If I understand Mr. Jacoway correctly, there are 812 counties in the South where they raise cotton?

Mr. FULMER. Yes.

Mr. KINCHELOE. And I presume this cotton is sold in the various counties?

Mr. FULMER. Yes.

Mr. KINCHELOE. Would it be possible, in all those places in those counties where they buy cotton, to have a Government inspector in every one of them?

Mr. FULMER. We do not expect to have a Government inspector in every one of them.

Mr. KINCHELOE. I mean under your bill?

Mr. FULMER. If you will just leave that to the States and to the farmers—we are not asking you to do that part of it; the farmers will do that part of it. All we are asking you to do is to give him some comeback—some place to appeal.

Mr. KINCHELOE. In other words, if your bill became a law, then, as to the number of places where they would have these graders, that would be left to the various States?

Mr. FULMER. As it stands now—

Mr. KINCHELOE. I mean if your bill becomes a law.

Mr. FULMER. My bill, in section 3, would give the Department of Agriculture the right to put out these graders, but we propose to cut that section out and leave that with the States.

Mr. KINCHELOE. Would not that be an enormous expense—to have a Government grader in every one of these county subdivisions?

Mr. FULMER. Mr. Wallace asks that that be stricken from the bill and that you leave it to the States as to where they will have the graders, and then they can appeal to the official experts.

Mr. KINCHELOE. And for the States to pay the various graders?

Mr. FULMER. Yes; or the producers and buyers. It does not come out of the Federal Government at all.

Mr. SINCLAIR. In the case of wheat grading, we have Federal graders situated at various places to whom we can appeal and, if the farmer is not satisfied with the grade the local buyer gives him, he appeals to the Federal grader.

Mr. KINCHELOE. My idea would be you would have to have one in every place where cotton was sold.

Mr. FULMER. Oh, absolutely not. I want to ask Mr. Tinscher if it is not a fact that years ago, before you passed legislation along this line in connection with grain grading, the buyers of the grain would go and grade it and thus fix the price they would pay and say this is "grade so and so," and the farmers could not do anything about it; but to-day, under your legislation, the producer is getting a direct benefit from it on account of your expert graders located at various points to whom he can appeal?

Mr. TINSCHER. Certainly; but the definite benefit the farmer gets out of a grading law is this: If you buy cotton, you know cotton and you know you can not be robbed; because, if they are going to rob you on the grades of that cotton, you will appeal. So you will give the producer a fair price for his cotton; you will pay him for just what you get. But before we had a grain-grading law, we were scared to death and they laid awake nights, after they would buy a carload of wheat wondering what we would get in the terminal market. But now we know what we will get in the terminal market, because if I buy wheat and my elevator does not pay for just what I am buying, there will be another appeal from my elevator. And the grain grading act has produced a direct benefit to the producer in that way and I predict your cotton bills will stabilize your cotton grades.

Mr. SINCLAIR. The only question is whether or not it is susceptible of being stabilized the same as wheat, corn, and other commodities are and can be done just as scientifically.

Mr. FULMER. Absolutely, it can be done.

Mr. SINCLAIR. Then you ought to add to this bill—

Mr. FULMER. Mr. Kaminer—at the head of the Cotton Growers' Cooperative Marketing Association, which handles thousands of bales in South Carolina and who is a practical farmer—makes a statement that, based on a 12-million bale crop of cotton, the undergrading and improper stabilizing of that cotton, as far as the producer is concerned, will amount to \$35,000,000, and that bears out the statement by Doctor Aswell of the difference between the purchaser when he buys and when he sells.

Mr. JACOWAY. In answer to Mr. Sinclair, do you think you can stabilize the grades of cotton the same as you can the grades of wheat?

Mr. FULMER. You already have that in the delivery of spot cotton on future contracts, on the Government grade.

Mr. JACOWAY. Now, I will tell you what the greatest cotton man said standing right where you are now. He said you can take this grade of cotton that is produced on land that has been worked for 25 years and it will be a different grade, in so far as the mills are concerned, from the cotton raised on new land. And to show you it is not an exact scientific proposition, he said another thing, that a man whose eyesight was not good could not tell you what that grade of cotton is so that it would be accepted by the Federal Government; he said a man who had kidney trouble could not tell you what that grade of cotton is so that it would be accepted by the Federal Government, and he said when you had snow on the ground you could not do it. In other words, it is anything in the world except an exact science. Now the grading of wheat is an exact science.

Mr. TINSCHER. There is the same thing happens in the grading of wheat, if the man has poor eyesight.

Mr. JACOWAY. But it is more nearly so than compared to cotton. Don't you think so?

Mr. TINSCHER. I know this, I know the man with bad eyes, buying wheat, can put you out of business just as well as the cotton merchant.

Mr. JACOWAY. But there is the weight.

Mr. TINSCHER. Oh, I know, but you have color, too.

Mr. FULMER. I would like to have these letters from the presidents of the various agricultural colleges and the commissioners of the various States go in the record.

Mr. ASWELL. When you introduced your bill, cotton was selling below 11 cents a pound. The same cotton sold Saturday, two days ago, at 28 and 30 cents?

Mr. FULMER. Yes.

Mr. ASWELL. And with that difference now in the price of cotton, between 11 cents and 28 cents, are you willing to take the responsibility of shooting this market to pieces now?

Mr. FULMER. I want to say to you, and Mr. Meadows will bear me out, that my bill has not one thing to do with the price of cotton. The price quotations to-day, in every paper, are based on the official Government grade; and the farmer sells his cotton on Liverpool or any other grade the buyer will buy.

Mr. ASWELL. Let us take the facts of the situation. If you publish in to-day's or to-morrow morning's papers all over this country that the Committee on Agriculture is about to enact legislation on the grading of cotton, the price would tumble down to 6 cents a pound to-morrow—is not that a fact?

Mr. FULMER. I do not think so, because the cotton farmer wants this legislation, the buyers want it and the mills already accept cotton on official standards.

Mr. JONES. If you are ever going to have legislation passed on this question, this is the best time in the world to pass it; because, due to the great shortage, cotton is not going to go down much.

Mr. ASWELL. That is the point; is that the fact?

Mr. TINSCHER. If we think this bill will help the producers of cotton in the United States to get what is right, I do not think we should hesitate to report it out because we are afraid the buyers will indulge in some manipulation.

Mr. ASWELL. Oh, no; I don't say that.

Mr. TINSCHER. We heard that for a great many years before we passed the grain-grading act.

Mr. ASWELL. Yes.

Mr. FULMER. You take Senator Dial's bill, and that will perhaps upset the whole cotton situation. We will say, now, you can not force every man to give to the producer what belongs to him, but if you will pass something to establish and adopt official grades it will give the producer a chance to go and get the proper grade and he will get it.

Mr. ASWELL. If you will prove to this committee that your bill will do that, it will pass by unanimous consent; but you never have answered Mr. Jacoway's question about the farmer who did not know anything about it.

Mr. FULMER. I admit if you take some farmer who does not care enough about it—

Mr. ASWELL. But you know all of them do care.

Mr. FULMER. I find lots of them in my country who do care.

The CHAIRMAN. Your bill does not affect grading at all?

Mr. FULMER. Not at all, except the adoption of the official standard.

The CHAIRMAN. It has nothing to do with grading?

Mr. FULMER. That is right.

The CHAIRMAN. The grades have already been established?

Mr. FULMER. The grades have already been established.

The CHAIRMAN. And your bill does not affect the grades; the grades have been established.

Mr. FULMER. Yes.

The CHAIRMAN. It has nothing to do with that, but all your bill does it extends or applies the present law applied to future deliveries to the spot market?

Mr. FULMER. Yes.

Mr. ASWELL. That is not the existing system, because the present law covers the spot market right now, or the regulations.

The CHAIRMAN. Let me read the secretary's letter here:

"The department receives requests repeatedly from cotton merchants and others for the classification of spot cotton according to the official standards of

the United States. There is no authority at present, however, for such activities, except for the limited purpose of legalizing delivery on future contracts."

Mr. ASWELL. That is in their regulations.

The CHAIRMAN. But that is what the Secretary says.

Mr. ASWELL. The Secretary has not made his own regulations, then.

The CHAIRMAN. You propose to do exactly what is being done in the marketing of grain—that is, you will give the shipper the right to appeal to the Secretary?

Mr. FULMER. That is right.

The CHAIRMAN. If he is not satisfied with the grading, or with the classing, as you call it, he can then apply to the Department of Agriculture and have the grade ascertained?

Mr. FULMER. That is absolutely right.

Mr. ASWELL. Suppose the shipper gets a refund?

The CHAIRMAN. Beg pardon.

Mr. ASWELL. Take this question: Suppose the shipper, through the appeal to the Department of Agriculture, gets a refund; what happens to the producer, the man who sold the cotton on the buyer's grading?

The CHAIRMAN. I know how it is done in the grain business, and I take it this is to be applied the same; the farmer who sells to the local buyer sells subject to the grade to be determined at the terminal market; it is sold and shipped subject to grade at the terminal market, where it is graded by the State officials, and if the shipper—the farmer—is not satisfied he can take an appeal.

Mr. KINCHLOE. Do you increase the number of inspectors?

Mr. FULMER. No; not necessarily.

Mr. ASWELL. What do you want with an appropriation of \$50,000, then?

The CHAIRMAN. He suggests they ought to have \$50,000, and after that it be made self-sustaining.

Mr. FULMER. If you think with \$50,000 we can help eliminate the robbery on the part of the purchaser, it would be money well spent.

Mr. ASWELL. I would vote for an appropriation of \$1,000,000 if you could eliminate the robbery of the cotton producers.

Mr. FULMER. It will be something like this: You say the exchanges have adopted the standard and official grades—

Mr. ASWELL. I do not say they are official grades, but it is the standard grades of the Department of Agriculture.

Mr. FULMER. I understood you to say a while ago all the exchanges had adopted the official grades.

Mr. ASWELL. No; you misunderstood me.

Mr. FULMER. That is the way I understood it; but here is a letter from Mr. Miller, from Texas, stating that Texas, Augusta, Atlanta, and all these various places have accepted it, but that they do not use it in all spot transactions and Mr. Meadows will tell you the only place it applies to-day is at New Orleans and New York in delivering spot cotton on future transactions, and my bill simply means the adoption of the Government official standard grades in all transactions from producer to buyer, buyer to mill, and all the way down the line.

Mr. McLAUGHLIN of Michigan. You speak of where the grain grading is done and Mr. Tinchler spoke of the manner in which the business was carried on. He is a buyer of wheat in his city. The farmer comes in and there is a bargain between him and Mr. Tinchler. Mr. Tinchler says, "I will give you so much for your wheat, because I believe it is such and such a grade." The farmer accepts his offer and puts the money in his pocket and goes home. Now, the farmer is through with that transaction absolutely; there is no comeback in his behalf at all. Now, Mr. Tinchler ships his wheat to some big market and he can follow that up and see that he gets the right grade. If the person to whom he ships it does not treat him fairly, he can appeal and the grade can be determined and Mr. Tinchler can get what he is entitled to. If he has deceived the farmer, the farmer has no recourse. Nothing goes back to the farmer, but the farmer is protected by the fear he won't deal with Mr. Tinchler if he is not treated fairly, but will deal with somebody who treats him fairly.

Now, I do not see how you can go further than that with respect to the cotton bill, and here is section 7:

"That in order to carry out the provisions of this act, the Secretary of Agriculture is authorized to cause the inspection, including the sampling, of any cotton involved in any transaction or shipment in commerce, wherever such cotton may be found." * * *

That would authorize the Secretary of Agriculture to send a man to every town where cotton is sold, in all of the States where cotton is produced—to send a Government agent to do that. And in the wheat business it would authorize the Secretary of Agriculture, if that grain-grading law should be the same as you propose to make the cotton law, you would have a man, a Government agent, to stand between Mr. Tinchler and the farmer from whom he bought his wheat. And see what you are leading the Government of the United States into; see what you are authorizing them to do? You say that it won't be done. Maybe it won't be done, but my policy, the policy I have always tried to pursue, respecting these matters, is never to write anything into a law which authorizes and permits a thing to be done which you do not want done. In my judgment, that would carry this matter entirely too far and, with that section in the bill, to say nothing of the rest of it, I should not be in favor of it.

(The letters submitted for the record by Mr. Fulmer are as follows:)

THE CAROLINA COTTON & WOOLEN MILLS CO.,

Spray, N. C., January 5, 1922.

Congressman H. P. FULMER,

House of Representatives,

DEAR SIR: Your letter of December 19, addressed to Marshall Field & Co., Chicago, regarding cotton purchases on Government standard classifications, has been referred to me for reply.

You are correct in your understanding that our cotton purchases are based on Government standard classifications.

Yours very truly,

W. G. MCCOLLUM,

Manager Cotton Purchasing Department.

ALABAMA POLYTECHNIC INSTITUTE,

Auburn, Ala., July 9, 1921.

Hon. H. P. FULMER,

House of Representatives,

DEAR SIR: In pressing the passage of H. R. 6753—your bill to establish the use of official cotton standards of the United States in interstate and foreign commerce—you are working along lines in which we in Alabama are very much interested. So strong is the sentiment among Alabama farmers for the passage of such legislation that a corresponding bill was passed by the last session of the Alabama Legislature providing the exclusive use within Alabama of the official cotton standards of the United States. Other Southern States have the same matter under consideration and in some cases have passed the necessary legislation which will serve to make effective in interstate transactions in cotton the same procedure that your bill provides in regard to cotton entering interstate and foreign commerce.

In my opinion, there is sufficient argument for the passage of your bill in the fact that it will remove the present confusion brought about through the use by many firms of cotton buyers of arbitrary numbers or other private designations for cotton that the farmer offers for sale under the terms provided by the United States standards. It is well known that whenever there is confusion in market transactions through the use of different standards the seller, especially when he is a farmer, is the loser.

It should certainly tend to simplify foreign commerce for all American cotton to be sold on the basis of the American standards. I have no doubt that the European trade will readily adapt itself to the procedure provided in your bill, and will find this a means of facilitating foreign commerce and of reducing the clerical work in connection with foreign transactions. The reasons for the passage of your bill seems to me so obvious, and the objections to it so trivial, that I think further arguments are not called for in this letter.

Southern farmers and southern business men (with possibly few exceptions among those engaged in the cotton trade) are with you in the desire to see the adoption of the United States Official Cotton Standards as the sole measure of the grades of cotton, whether the transactions be interstate or foreign.

Yours very truly,

SPRIGGET DOWELL,

President.

THE STATE OF FLORIDA,
DEPARTMENT OF AGRICULTURE,
Tallahassee, June 22, 1921.

Hon. H. P. FULMER,
Washington, D. C.

DEAR SIR: I write to add my indorsement of the effort to establish uniform cotton grades throughout the United States. Equitable transactions in cotton are impossible by the old arbitrary methods of grading, and standardization that is not compulsory is of little service.

We can not undo the evil that has been done in the past in this respect, but we are responsible for delay in thoroughly establishing these relative grades and forcing definite compliance therewith.

I can see absolutely no reason for honest opposition to universally established accurate and uniform grading.

Yours very truly,

W. A. McRAE,
Commissioner of Agriculture.

C. M. BARNES,
Marston, Mo., June 25, 1921.

Hon. H. P. FULMER, M. C.,
Washington, D. C.

My DEAR MR. FULMER: Our Missouri commissioner of agriculture has referred to me a copy of H. R. 6753, a bill to establish United States cotton standards, act.

I have been pleased to re-read this proposed act several times that I might not fail to understand its purpose thoroughly and will say at the outset that I heartily indorse the proposed law in its entirety.

Only those persons, whose business activities bring them into constant touch with the handling of lint cotton do fully appreciate the value of establishing uniform standards for grading this greatest of American commercial crops. There surely can not be any serious opposition to the establishment of such uniform standards, for all commercial transactions in America whether spot or future, except from interests which either do now or expect to take advantage by substitution of grades of cotton lint to fill future contracts. I appreciate the fact the Department of Agriculture has long ago established standards for grading and I believe, does authorize licensed graders, but an act requiring the use of such standards in all transactions involving cotton grades is now very desirable and in fact necessary to bring the system into universal use in America. I am sure foreign markets will cheerfully conform.

I am sir, yours very respectfully,

C. M. BARNES,
Former Member Missouri Board of Agriculture.

STATE COLLEGE OF AGRICULTURE AND MECHANIC ARTS,
UNIVERSITY OF GEORGIA,
Athens, Ga., January 31, 1923.

Hon. H. P. FULMER,
House of Representatives,

DEAR SIR: Your favor of the 24th instant inclosing copy of H. R. 6753 has been received. I have read the same with interest, and believe it should be passed in the interest of the cotton producers of the country.

With best wishes, I am, very respectfully,

ANDREW M. SOULE,
President.

STATE BOARD OF AGRICULTURE,
Oklahoma City, January 29, 1923.

Hon. H. P. FULMER,
Member of Congress, Washington, D. C.

My DEAR SIR: I have read your cotton-grading bill with a great deal of interest and take this opportunity of indorsing its provisions. Probably no greater injustice has been done the ordinary producer than that of grading his cotton.

I am wondering if you had placed a cooperative clause, cooperating with State graders, who carry Federal license, if it would not have helped promote the bill better?

Assuring you of my confidence in the plan and believing it a great forward step in cotton grading and marketing, I am,

Very truly yours,

J. A. WHITEHURST, President.

[Telegram.]

St. Matthews, S. C., January 30, 1923.

H. P. FULMER,
House Office Building, Washington, D. C.

Heavy work here prevents my going to Washington. Deeply regret inability to comply with your request as your bill is of greatest importance to cotton industry and trust same will pass without objection.

HARVIE JORDAN,
Secretary American Cotton Association.

OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE,
Stillwater, January 31, 1923.

Representative H. P. FULMER,
Congress of the United States,
Washington, D. C.

My DEAR SIR: I am writing to record my indorsement of H. R. 6753, on official cotton standards, a copy of which you recently sent me.

Very truly yours,

J. B. ESKRIDGE,
President.

COOPERATIVE EXTENSION WORK IN
AGRICULTURE AND HOME ECONOMICS,
Clemson College, S. C., June 22, 1921.

Hon. H. P. FULMER,
House of Representatives.

DEAR MR. FULMER: Mr. Wannamaker has forwarded me your bill which you propose for passage to establish and promote the use of the official cotton standards of the United States. I have gone over this bill very carefully and beg to submit the following:

Regarding bill H. R. 6753, introduced by you in the House of Representatives June 1, will say that same meets with my hearty approval though would prefer if that portion of section 2, beginning on page 2, line 7, and reading "Provided, That nothing herein shall prevent a transaction otherwise lawful by actual sample or on the basis of a private type which is used in good faith and not in evasion of or substitution for said standards" was changed to read "Provided, That nothing herein shall prevent a transaction otherwise lawful by actual sample." My reason for this being that types are now very frequently used where grades could be stated and that it would be hard indeed to prove that such types were not used in good faith or in evasion of or substitution for such grades, as there are hardly samples from any two bales which are absolutely identical though they might be similar enough to have the same grade or grade value.

As you authorize the Secretary of Agriculture in section 6 of your bill, to establish such standards as are necessary there would be no object in members of the cotton trade or others having private types were all the standards necessary established, and I would prefer for section 6 of your bill to empower the Secretary of Agriculture to create or establish such standards as are necessary from time to time and such standards to become effective immediately upon creation instead of one year afterwards.

I have had occasion in the past to inquire of some of the trade their ideas of the Government standards now in effect and all have agreed that such grades as they cover they do so in a most satisfactory manner, the only ob-

jection made, and made in answer to practically all inquiries, was that there was no type to cover cotton grading between the "White" standards and the "Yellow tinged" standards. Such cotton, they claimed, that graded between these grades is now recognized by the trade as "Yellow slightly spotted" and "Yellow light tinged." They believe that standards covering such cotton would have been established prior to this time had fewer restrictions been placed in the way of their immediate establishments.

I consider your bill as it stands though, a good, long step in the right direction and would like to see all cotton graded according to Government standards and that grade maintained from the farm to the mill.

Yours very truly,

W. W. LONG, Director.

DEPARTMENT OF AGRICULTURE,
Austin, Tex., June 4, 1921.

Mr. J. S. WANNAMAKER,
St. Matthews, S. C.

DEAR SIR: In receiving the reports of the jubilee convention of the American Cotton Association held May 31, in New York, I note that Mr. W. R. Meadows, technologist of the United States Department of Agriculture, advocated the idea of the adoption of uniform standards for cotton for America and foreign trade.

I presume you are familiar with the fact that through the efforts of the United States Department of Agriculture a few years ago, standards for our cotton were made practically the same as those obtaining for Liverpool, that is to say, the standards made for the United States were adopted by the Liverpool Cotton Association, popularly known as the Liverpool Cotton Exchange, at a conference of Cotton Exchange representatives held in Liverpool, June, 1913.

The standards there and then agreed upon were for white cotton only, but since that date the United States standards have been revised, eliminating the grades strict good ordinary and good ordinary white cotton, substituting therefor three colored cottons; namely: strict middling, yellow tinged, good middling yellow stained, making in all ten grades of the Government's tenderable list, said grades being the official types governing delivery of spot cotton on future contracts on both New York and New Orleans Cotton Exchanges.

The cotton exchanges at New York, New Orleans, Montgomery, Selma, Little Rock, Mobile, Augusta, Savannah, St. Louis, Vicksburg, Charleston, Memphis, Norfolk, Galveston, Waco, Houston, Paris (Texas), Dallas, San Antonio, Fort Worth, and Oklahoma City, also the Cotton Buyers' Associations of Fall River, New England, and Texas, and the Cotton Manufacturers' Associations of North and South Carolina, have adopted the United States Government standards. One would draw the conclusion that after the cotton exchanges all over the country had adopted these standards, that differences arising over cotton classification between buyers and sellers would be practically at an end, but regrettable to say the opposite obtains now in the entire cotton belt, more especially in Texas and Oklahoma, as these two States have grown in late years a character of cotton popularly recognized as "bollies," because of its color, weather exposure, foreign substances, etc.; the trade in these States ignoring gradation of low grades where any color is shown, taking them as "bollies," paying anywhere from 34 to 5 cents a pound for them, when buying.

To illustrate, let us say a grower offers a bale of cotton for sale, classing strict low middling tinge, taking a discount of 400 points off middling, that middling is quoted at 113 cents, then the cotton offered would be worth, on correct classification, 73 cents a pound. The trade here takes it as a "bolly," offering 4 cents for it, unless the cotton is good style strict low middling, when possibly it might go for 5 cents a pound.

I believe it is no exaggeration to say that 75 to 90 per cent of our cotton containing yellow, red or blue color, goes into the channels of trade as "bolly" cotton. It goes on the market at whatever price the buyer and grower may agree upon, classification ignored.

I see but little use in a Federal or State standard for cotton, established for trade guides, if the trade can not be made to conform to accept it.

The more I see of the trade practices resorted to in Texas, the more I am convinced of the necessity for a national law making it mandatory for the cotton trade to use the United States standards in all spot cotton transactions. The

Government has made their usage mandatory for delivery of spot cotton on future contracts on both the New York and New Orleans Cotton Exchanges, why not for the trade everywhere?

I am writing this letter for your consideration and asking at the same time that you use your influence and that of the American Cotton Association toward the southern Members of Congress urging passage of a law making the universal usage of the cotton standard types obligatory in all spot-cotton transactions, if you are in agreement with me on this question.

Should such a law be enacted, it must be conceded no one can be hurt in any cotton transaction financially, as both buyer and seller will have the same official guides.

If Liverpool does not establish standards coinciding with ours it will be an easy matter for the American cotton trade to translate our types to those of that market as the trade has done for more than 50 years.

Believing I am right in the premises, I ask your consideration, your influence, and your help in getting a law passed as suggested above.

Awaiting a reply at your convenience, I am,

Yours very truly,

T. S. MILLER.

J. CLIFTON RIVERS,
STATE WAREHOUSE COMMISSIONER,
Columbia, S. C., February 8, 1922.

Hon. H. P. FULMER.

Member House of Representatives.

DEAR SIR: Your letter of the 6th noted. I am heartily in favor of this bill and will send the samples just as soon as my cotton grader returns to the office, which will be in the next day or two. Will try to get these off promptly to you at that time. Sincerely hope this will go through and it will be a godsend to the farmer of the cotton-producing States.

Yours truly,

J. CLIFTON RIVERS,
State Warehouse Commissioner.

LOUISIANA STATE UNIVERSITY,
Baton Rouge, La., July 11, 1921.

Hon. H. P. FULMER, M. C.,

Washington, D. C.

MY DEAR SIR: Those of us here who have read your bill (H. R. 6753), and who are more directly interested in what it calls for, are agreed that its passage would be of immense benefit to all departments of the cotton industry. It is to be sincerely hoped, therefore, that you may succeed in your endeavor to have this bill become law.

Very respectfully yours,

W. H. DALRYMPLE,
Dean and Director.

COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS.
University Station, Baton Rouge, La., June 23, 1921.

Hon. H. P. FULMER,

House of Representatives.

DEAR SIR: A copy of your bill, H. R. 6753, is received and I wish to express to you my interest in such legislation and to say that the farmers all over the South are needing it now and have needed it for many years. It has been a well recognized fact for a long time that cotton buyers made a great deal of their profit by under-grading the staple and I believe that this law, as written, should pass. Its enforcement will undoubtedly be of great service in the grading and marketing of the cotton crop.

I trust that you will not meet with any difficulties in getting it through.

Very truly yours,

W. R. PERKINS,
Director of Extension.

AMERICAN COTTON ASSOCIATION,
St. Matthews, S. C., February 7, 1923.

Hon. H. P. FULMER,
House Office Building, Washington, D. C.

DEAR MR. FULMER: I am inclosing you herewith a letter just received from Mr. William Ray, of New York, a man of many years' experience in the cotton trade and a strong defender of the cotton-growing interests. He fully indorses your bill for standardizing the grades of cotton and I very sincerely trust the bill will be speedily passed and become a law. In whatever way we can assist, let me know.

With highest personal regards, sincerely,
J. S. WANNAMAKER,
President American Cotton Association.

**STATEMENT OF MR. W. R. MEADOWS, COTTON TECHNOLOGIST,
DEPARTMENT OF AGRICULTURE.**

THE CHAIRMAN. Give the stenographer your name and what position you hold.
MR. MEADOWS. W. R. Meadows; cotton technologist, Department of Agriculture. I am also a farmer, from the fact that I have farm interests in Alabama, and I speak from the farmer's point of view.

MR. McLAUGHLIN of Michigan. How long have you been in the Department of Agriculture?

MR. MEADOWS. I first came to the department in 1913 and stayed for three years. Then, after three years in commercial life, I returned to the department and have been in the Department of Agriculture now for a little over three years since my return to it.

MR. ASWELL. In commercial life did you bank cotton?

MR. MEADOWS. No, sir; I sold cotton.

MR. KINCHELOE. You have charge of the Cotton Division?

MR. MEADOWS. I have charge of the Cotton Division.

THE CHAIRMAN. It is under your supervision?

MR. MEADOWS. It is under my supervision; all the work on marketing cotton in the Bureau of Agricultural Economics is done under my supervision.

I might say, to start with, I am a subordinate in the department, and I have not approached anyone in any way on this bill; that is, to bring pressure to bear on this committee. I speak purely from my own point of view. I come with the knowledge of the chief of the bureau and the assistant chief, and I presume the Secretary has authorized them to act for him, but I do not know about that.

I do not have any desire to take up too much of your time, so I will make my remarks just as brief as I can.

Since I have been connected with the Department of Agriculture great changes have taken place in the handling of the American cotton crop, and much progress is being made. The Federal reserve act, which was passed about the time I entered the Government service, made the American banks much stronger and put them in a position to handle the cotton business of the world, and that has been an important factor in revolutionizing the cotton business. The cotton futures act was passed in 1914, which eliminated certain abuses of the cotton futures exchanges, and that has been a good step forward in marketing American cotton. The warehouse act was passed about the same time, which gives the producers of cotton a chance to put their cotton in federally licensed warehouses and get a receipt, which enables them to use that receipt as collateral to finance themselves until they are able to sell their cotton at a price satisfactory to the producer. And, above all, the great war in Europe upset the marketing scheme that used to be in effect when I first came to the department, and now Europeans no longer dominate the cotton business of the world to the same extent that they did prior to the outbreak of the great World War. As it stands now, American firms largely handle the distribution of the American cotton crop.

MR. JACOWAY. Right there, I want to ask you if all of the foreign exchanges do not absolutely refuse to buy cotton according to the laws now in force relating to cotton, which makes the American people have to buy cotton on a certain grade; don't they say to you "We do not accept your grades?" Don't they say to you, "We don't accept anything you have?" Don't they say to you, "We are going to do just as we please about it?" In other words,

is there any law on the statute books that is binding on any representative in any foreign country or on any exchange?

MR. MEADOWS. Of course, an American law is not binding in any other country.

MR. ASWELL. Are not the American grades refused in other countries?
MR. MEADOWS. The American grades can be refused in any other country, if they so desire.

THE CHAIRMAN. Would they recognize the American grades if this bill were passed?

MR. MEADOWS. That is a question. I think so.

MR. ASWELL. Why? I would like to know why?

MR. MEADOWS. I will take that up later in my discussion and show you why.

MR. JACOWAY. Didn't we send a commission from the Department of Agriculture abroad on that matter?

MR. MEADOWS. I was on that commission and I know what took place.

MR. JACOWAY. And Mr. Brand was on that commission?

MR. MEADOWS. No. He was chief of bureau and sent me the first time.

The first time, Mr. Barbot and I went and we visited Liverpool, Havre, and Bremen and the exchange committees agreed to the correctness of our standards.

MR. JACOWAY. Didn't you come back the first time and report they would not do it?

MR. MEADOWS. They said our standards were all right and the exchange committees and board of directors at Liverpool voted to accept them; but the entire membership refused to accept them. Their committees, which were composed of the best educated members and representatives of the leading firms, said "Your standards are all right and we are willing to adopt them; but the brokers in Liverpool, that is, the men who go to the Liverpool market and buy for the mills in Manchester, were in the great majority and they out-voted what might be termed the leading members and turned the proposition down."

MR. JACOWAY. And you came back and said it was an unnecessary expense, since they would not cooperate with you?

MR. MEADOWS. They did not say that.

MR. JACOWAY. They did not say it, but that is what they meant?

MR. MEADOWS. That is what they meant. I do not know but what they did was, they postponed action until March and then did not take the matter up again with us.

MR. ASWELL. Then I do not see why you think they would accept grades established under this bill, when they have always refused to do that before.

MR. MEADOWS. A witness is before a committee to answer things as best he can. I do not have any prepared speech and so perhaps I had better answer that question now. Under this bill the great privilege the Liverpool Exchange has of passing final judgment on the American cotton crop, or that part of the American cotton crop which is exported, is practically taken away from the Liverpool Cotton Association and put back into the hands of the Secretary of Agriculture, and if the Secretary of Agriculture should declare the grade and staple of a lot of cotton, the Liverpool Committee on Arbitration would not dare go very far wrong in its final determination of the classification of the cotton.

MR. ASWELL. Why do you think that?

MR. MEADOWS. In the first place, if they went wrong, Doctor Aswell, under the terms of this bill they could not collect a debt back in the United States, because they would have to sue in the United States, and the determination of the Secretary of Agriculture would be binding on all the officers and courts of the United States and the Liverpool buyer would have no chance to get a judgment in our courts against a person who shipped cotton abroad on the final Government class.

MR. JACOWAY. Does not the bill of lading read "freight aboard vessel Liverpool" and they buy all their cotton "on board vessel Liverpool." don't they, and get around that provision in our law?

MR. MEADOWS. There are half a dozen ways for shipping cotton; c. i. f.—cost, insurance and freight—is the most common one.

MR. ASWELL. Would it have anything to do except with cotton that is sold on the American market?

MR. MEADOWS. Under this bill, any shipper who ships cotton in interstate or foreign commerce would be subject to the final determination of the grade

by the Department of Agriculture, in any shipment in foreign or domestic commerce, by an appeal to the Secretary of Agriculture by either party to the transaction and when he has once determined the fact, no matter where the cotton went, his determination would be final. If they disagreed with it on the other side, a man could submit the claim to the Liverpool Cotton Association's Committee on Arbitration, if he wished to; but if the American shipper did not wish to submit to the committee's award our law would be supreme on this side the ocean and they could not force him to pay it.

Mr. JACOWAY. Do not they say, "This cotton is mine when you deliver to the foreign port?"

Mr. MEADOWS. I do not know about that. It is shipped cost, insurance, and freight delivered to the cotton buyer on the other side.

Mr. JACOWAY. Then, if you deliver it, that would give the buyer in the foreign port an action in rem—an action against the cotton itself.

Mr. MEADOWS. No, it would not. The Secretary of Agriculture once having determined the fact, the Liverpool Cotton Association's committee would not dare go so far contrary to a fair classification of cotton.

Mr. JACOWAY. That may be true.

Mr. MEADOWS. I think with a disinterested governmental agency over here establishing fair grades, that all the foreign buyers would be forced to accept them, because in my judgment the American shippers would not submit to a reference to foreign arbitration in that case.

Mr. JACOWAY. We have that in the law now.

Mr. MEADOWS. Which law?

Mr. JACOWAY. We have a nonpartisan board over here saying what the grade and staple of the cotton shall be in this, that when you buy cotton over here, if you do not conform to the grades laid down there in that act, of 10 specific grades, as I recall, you can not buy cotton on the New York and New Orleans Cotton Exchanges.

Mr. MEADOWS. You are referring now to transactions under the cotton futures act?

Mr. JACOWAY. Yes.

Mr. MEADOWS. This is outside, entirely, of the futures business; it has no reference to futures at all. We are trying to extend some of the privileges of the cotton futures act to spot cotton transactions.

Mr. FULMER. And would not this be a great benefit to the shippers to Liverpool, where they have a right to appeal to the Secretary of Agriculture?

Mr. MEADOWS. Yes; I think it would be a great benefit to the American shipper.

Mr. ASWELL. It might be; but if a man buys cotton delivered in Liverpool, it would not be.

Mr. JACOWAY. I may be wrong about it, but my understanding is you can go on the New York and New Orleans Cotton Exchanges to-day and say "I want to get spot cotton."

Mr. MEADOWS. And you will get it by buying future contracts and simply waiting until maturity.

Mr. JACOWAY. And you will get spot cotton?

Mr. MEADOWS. Yes.

Mr. JACOWAY. Then, does not that establish a nonpartisan board in this country for the purchase of spot cotton?

Mr. MEADOWS. No, sir; just for delivery on future contracts only.

Mr. JACOWAY. But you can get the spot cotton?

Mr. MEADOWS. You can get a little bit of it—two or three hundred thousand bales a year, perhaps.

Mr. ASWELL. If that is true, why did they put in the regulation on the spot cotton?

Mr. MEADOWS. That regulation is made under the authority of the cotton futures act. The secretary is called upon to designate the markets of the country where cotton is ordinarily being sold in such quantity as to determine the price of middling and the difference in the price of middling and other grades and the Secretary of Agriculture may cause an investigation of all the markets to find out the best ones for establishing those facts and thus determine the differences in price between middling and other grades.

Mr. ASWELL. That is spot cotton?

Mr. MEADOWS. That is spot cotton, but it does not have any reference to classing spot cotton. As a matter of fact, those markets voluntarily agreed

they would conduct their quotations on the official cotton standards of the United States.

Mr. JACOWAY. I may have it all wrong, but I am getting back to your proposition that you would establish over here a nonpartisan board.

Mr. MEADOWS. True.

Mr. JACOWAY. As I understand the law and the regulations, you have a nonpartisan board now. Why? Because, if I go on the New York Cotton Exchange and buy 500,000 bales of cotton, say middling cotton—

Mr. MEADOWS. You buy a specified grade and may get any grade or all of the 10 deliverable grades.

Mr. JACOWAY. You may get any one of the 10 tenderable grades?

Mr. MEADOWS. That is true.

Mr. JACOWAY. But when the cotton comes to be delivered to me and you say, "Here is what I sold you," I know there is a difference; that you have not delivered to me the grade you sold, and you have established this nonpartisan board and I am going to appeal. And under the law I will appeal that to the Secretary of Agriculture of the United States, which I think constitutes the greatest nonpartisan board you could get. Is not that so?

Mr. MEADOWS. With the exception there is a slight inaccuracy. As the law was originally written, it provides for an appeal to the Secretary of Agriculture. As it was amended in 1919, the Secretary of Agriculture classes cotton for future contracts in the first place.

Mr. JACOWAY. I am not saying for the future contracts; I say for spot cotton. Can not I buy spot cotton on the New York and New Orleans exchanges and demand it?

Mr. MEADOWS. In a limited way; but you understand there would not be one-tenth of the cotton in the United States that could be tendered on those future exchanges, probably.

Mr. JACOWAY. Have not I the right to demand it?

Mr. MEADOWS. Yes; certainly.

Mr. JACOWAY. And haven't I got the right to get the exact cotton I buy?

Mr. MEADOWS. Within the 10 grades.

Mr. JACOWAY. Within the 10 grades.

Mr. MEADOWS. If you made a particular agreement, you would not; but the ordinary cotton merchants do not buy that way.

Mr. JONES. They do not buy by special contracts?

Mr. MEADOWS. They go and buy as they find it all over the South; and they do not usually rely on taking it up on future contracts.

Mr. ASWELL. You say the spot market is very incidental?

Mr. MEADOWS. It is for the operation of the cotton futures act in the establishment of the differentials in price.

Mr. ASWELL. That is under regulation 15 of your regulations?

Mr. MEADOWS. Yes, sir.

Mr. ASWELL. Section 3 reads, referring to these places named for spot markets, "there shall be established and maintained in each bona fide spot market a competent quotation committee grading cotton."

Mr. MEADOWS. It is a quotation committee, not a cotton classifying committee.

Mr. ASWELL. It speaks here about grades, the differential in the grades?

Mr. MEADOWS. Yes.

Mr. ASWELL. Established by that committee.

Mr. MEADOWS. That is all true.

Mr. ASWELL. How do they get the difference of the grade, if they do not grade it?

Mr. MEADOWS. They quote the market prices; they do not grade cotton, but they know what those grades are selling for and they quote the truth as to the prices.

Mr. FULMER. Those are the ordinary grades?

Mr. MEADOWS. Those are the ordinary grades. We get the reports on those every day from all of those markets and we make an average of the differences between middling and other grades and these differences between middling and other grades are used in New York in the settlement of future contracts.

Mr. TINSCHER. As I understand that, it has nothing in the world to do with this proposed legislation?

Mr. MEADOWS. No; the existing law has nothing to do with this proposed legislation; it has nothing to do with the bill before us.

Mr. JACOWAY. I want to get this right. I am not trying to confuse you, but I am trying to ascertain the truth.

Mr. MEADOWS. I will give you the truth as I see it, and I will give it to you from the farmer's standpoint.

Mr. JACOWAY. I know you will. Now do you have any objection to my reading a statement to you which you made to the farmers of this country to show you how your ideas have changed?

Mr. MEADOWS. I am willing.

Mr. JACOWAY. Speaking of cotton, you say:

" * * * That is a subject that is not dealt with in any of those pending bills that you have here before you, but we have the condition of affairs that the Liverpool Cotton Association, under the auspices of which the Liverpool Cotton Exchange is operated, has a set of standards which differs in some respects from the American standards and differs in terminology, and the result is that the export trade of this country is done on two sets of standards."

Mr. MEADOWS. Yes.

Mr. JACOWAY (continuing). "The American standard within this country, and to some extent in direct transactions with foreign buyers, and the Liverpool standards, according to the agreement of the parties in the particular instance, and where they use the Liverpool standards it is subject to arbitration by arbitrators selected by the Liverpool Cotton Exchange, who are all Englishmen."

Mr. MEADOWS. Yes.

Mr. JACOWAY (continuing). "And who do not in any respect represent American interests?"

Mr. MEADOWS. That is right.

Mr. JACOWAY (continuing). "And we have had the hope that a condition of affairs would be brought about by which a single set of standards could be used, not only in domestic commerce but in foreign commerce, and that a system of arbitration could be brought about which we believe would be fair to our shippers and exporters as well as to the other side."

Mr. MEADOWS. And that is exactly my position to-day.

Mr. JACOWAY. Now, I would like to ask you the question—you have two sets of standards to-day, as you say, there?

Mr. MEADOWS. Yes.

Mr. JACOWAY. Now, will you explain to the committee how, under this bill, you will get a nonpartisan board which will wipe out all the objections you have set forth here?

Mr. MEADOWS. I will try to do that. I will present the matter from the producer's standpoint.

The CHAIRMAN. It is now 12 o'clock; we will have to adjourn and have you come back at a later day. If there is no objection, I will have the letter of the Secretary inserted in full in the record, and I have here a number of copies requested by the committee of the pamphlet entitled "Equality for Agriculture," furnished by Mr. Baruch, for distribution to the members of the committee.

(The letter of the Secretary of Agriculture is, in full, as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, January 17, 1923.

Hon. G. N. HAUGEN,

Chairman Committee on Agriculture,
House of Representatives.

DEAR MR. HAUGEN: In reply to your request for a report on the bill (H. R. 6753) introduced by Mr. Fulmer and known as the cotton standards act, I will say that with one or two minor changes in its phraseology the bill has the general approval of this department. It has been suggested that the word "final" be inserted in line 10 of page 3 before the word "certificate"; and that in line 11 of the same page, after the word "determination," there should be inserted the words "shall be binding on all officers of the United States and."

The department is particularly interested in the sections which establish the official cotton standards of the United States as the legal basis of spot-cotton transactions in interstate and foreign commerce, and which provide also for the classification of any cotton of which samples may be submitted to officers of the department for the purpose. These two sections, if enacted

into law, should effectively increase the use of the official cotton standards established under the cotton futures act. It is believed that the cotton producers will benefit very largely both directly and indirectly by the enactment of these provisions into law.

The department receives requests repeatedly from cotton merchants and others for the classification of spot cotton, according to the official standards of the United States. There is no authority at present, however, for such activities, except for the limited purpose of legalizing delivery on future contracts at New York and New Orleans. This inability on the part of the department to determine the classification of spot cotton other than that intended for delivery on future contracts operates to deter cotton merchants and shippers from making full use of the existing standards.

It is believed that the cotton trade is thoroughly in sympathy with the bill, with the possible exception of section 3, which provides for the examination and licensing of classifiers. If, however, on further inquiry by your committee there should develop any serious objection to this section, the department would agree to its omission. In such case a few modifications of the wording of subsequent paragraphs which refer to section 3 might be necessary.

With proper direction, it is thought that the administration of the act should be financially self-sustaining. An initial appropriation, however, will be needed to start the work. Section 12 of the bill as drawn authorizes the appropriation of such sums as may be necessary for administering the act, but if \$50,000 were provided at the outset, it is thought that no further appropriation would be necessary. The experience of the department in establishing standards and classifying cotton for delivery on future contracts under authority of the United States cotton futures act should be of much practical use in the administration of this bill in the event of its enactment into law.

Sincerely yours,

HENRY C. WALLACE, Secretary.

JANUARY 27, 1923.

Submitted to the Bureau of the Budget and returned to the Department of Agriculture with the advice that the foregoing is not in conflict with the financial program of the President.

(The committee thereupon adjourned until to-morrow, Tuesday, February 6, 1923, at 10 o'clock a. m.)

COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES,
Friday, February 9, 1923.

The committee met at 10 o'clock a. m. Hon. Gilbert N. Haugen (chairman) presiding.

The CHAIRMAN. We will hear you this morning, Mr. Meadows.

STATEMENT OF MR. W. R. MEADOWS, DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.—Resumed.

Mr. MEADOWS. Mr. Chairman, just before I was interrupted when I was giving my testimony the other day I had about reached the statement that in my judgment the present bill is a fitting climax to the progressive steps in legislation which were taken to improve the situation in the marketing of the American cotton crop. I wish this morning to confine myself as close as possible to the bill under consideration, and for that reason I am going to ask that 20 minutes of my time be given me to present the facts. After that I shall be glad to answer any questions of any sort.

The CHAIRMAN. Very well. Without objection, it is so ordered.

Mr. MEADOWS. I wish, first of all, to state that the bill before us has just two primary purposes in view. The first of these is the establishment of the United States official cotton standards as the sole standards for interstate and foreign commerce in American cotton. Just this fact alone would simplify the cotton business and would make the bill worth while, but there is a second fact that I might mention here, to get both facts before you at the same time. This bill proposes to establish arbitration through the Department of Agriculture on all shipments of cotton in interstate and foreign commerce. These are the two main objects of the bill.

In discussing the first of these two objects I wish to say that while we wish to insist on the official cotton standards of the United States being used as the sole standards, we do not care to interfere with the practice of selling cotton on type or mark so long as such sales are not made in open violation or evasion of the act. So a proviso is inserted in the bill which permits such business as has been done since time immemorial. It is our judgment that the adoption of this bill would also tend to increase the use and hasten the acceptance of the American standards in foreign countries.

The idea has been prevalent for a number of years, certainly as far back as 1907, that a universal standard for American cotton was a desired aim. Cotton men, in their associations have gone on record as favoring this idea. I have made two trips to Europe for the Department of Agriculture, attempting to secure that end through agreement, as has already been reported to this committee. Both of those attempts to secure an agreement with the Liverpool Cotton Association have failed.

I do not wish to present all the arguments for a universal standard before this committee, but I have those arguments written out in concise form, and I would like to present that paper as a part of my statement. By doing this I can avoid the use of some 15 or 20 minutes which it would take to read it.

The CHAIRMAN. Without objection, it will be so ordered.

Mr. MEADOWS. This much should be said, that with a single set of standards in use in the American cotton trade the simplicity of conducting the cotton trade would be greatly increased, and as a consequence, in our judgment, the margin that is necessary between the seller and the spinner who buys would be decreased, and it would benefit both the producer of cotton and the consumer of cotton cloth.

I have this idea that I picked up in my travels in Europe from a French broker at Havre. He said, "You Americans grow the cotton, make your standards, and tell us to trade on them and it will be satisfactory, although we can not reach an agreement among ourselves." That is my own position in the matter. I think that America, as it produces the cotton crop, should make its standards and tell the world that there is the cotton crop and there are the standards that we propose to sell it on, and to take it or leave it. It goes without saying that they will take it on our standards. Of course we supply the greater proportion of what I might call the bread-and-butter cotton of the world to-day, and we hope to continue our supremacy in this line.

Taking up the second point that we wish to accomplish—Government arbitration—I do not wish to appear critical toward any existing body of men or methods of conducting business, but it is a well-known fact to the cotton trade that American arbitrations on cotton are not satisfactory. It has already been brought out in the hearings before this committee that the arbitrations at Boston were unsatisfactory to the shippers. It is also a fact that arbitrations at New Orleans are not satisfactory to the cotton shippers. It is, I think, equally true that arbitrations before the New York Cotton Exchange committee are not satisfactory to most millmen. So there is very poor machinery, in my judgment, for arbitrating the domestic American cotton business.

The CHAIRMAN. Do you refer to future or spot cotton?

Mr. MEADOWS. Spot cotton; I am making no reference thus far to futures.

Now, if the arbitration of the American cotton business is unsatisfactory, the arbitration before the Liverpool and other exchanges is far more unsatisfactory. I attended a meeting of the Texas Cotton Buyers' Association about a year ago at Fort Worth in which dissatisfaction was expressed by practically everyone, and they went so far as to propose sending a representative to one of those exchanges to look after the interests of the shippers and try to get justice. They claimed that the charges on shipments made through unsatisfactory arbitrations were terrific. And I happen to know, from a gentleman who lived 11 years in Bremen, that the Cotton Exchange Building in Bremen was erected from funds obtained through arbitrations in American cotton. That shows the profitableness of the arbitration business abroad.

As a substitute for these unsatisfactory ways of arbitrating American shipments of cotton we propose that the Government shall establish disinterested boards of arbitration, or boards of examiners, whichever you choose to call them, to which the American cotton shippers can appeal and get a square deal. Justice is all that they can hope for and all that they can get.

Mr. CLARKE. Mr. Meadows, may I interpose a suggestion there? I do not know very much about cotton myself, and I wonder if you could not tell us where this agency is falling down now.

Mr. MEADOWS. I will try to show you. I will take a southern case, because I am a southern man myself. In the case of arbitrations between the Carolina mills and the shipper, by common consent the mills go to the New Orleans Cotton Exchange and ask the New Orleans Cotton Exchange to arbitrate. The New Orleans Exchange has a body of paid cassifiers of cotton who sit as arbitrators. I wish to say that those men are, in my judgment, perfectly honest. They have been in the employ of the Government in the office in which I work, and I have the highest respect for those men. But the findings of that committee at New Orleans, are, I am informed, subject to being set aside by a committee of the exchange, and that committee usually leans toward the interests of the mill man rather than toward the interests of the shipper, and I have known in my personal experience of cases where claims which shippers considered unjust were settled rather than to accept arbitration at New Orleans.

Mr. KINCHELOE. Mr. Meadows, I should like to ask one question if it will not annoy you. I am like Mr. Clarke, in that I do not know anything about cotton, but I am wondering about the practicability of this bill, with special reference to section 7. I understood Mr. Jacobway the other morning to say that there were 829 counties in the South that raised cotton?

Mr. MEADOWS. Yes.

Mr. KINCHELOE. This would give the Secretary of Agriculture the power to have a board of cotton inspectors all over the South.

Mr. MEADOWS. That is not the aim of the bill.

Mr. KINCHELOE. I am taking the language of the bill as it stands: "That in order to carry out the provisions of this Act the Secretary of Agriculture is authorized to cause an inspection, including sampling, of any cotton involved in any transaction of shipment in commerce, wherever such cotton may be found, or of any cotton with respect to which a determination of the true classification is requested under section 4 of this act."

As I say, I am concerned about the practicability of it. What is the reason you could not have a central point, say at the capitol of each State, and have the Government graders there, and let these fellows mail the samples of their bales of cotton to those men to grade?

Mr. MEADOWS. I understand your point on that. Section 7 in its entirety might be omitted from this bill if it should jeopardize the acceptance of the bill. We would not insist upon any part of section 7 being in there if the committee does not wish it in there.

Mr. KINCHELOE. How are you going to help the grower of cotton unless he has access to some Federal inspector? And he can not have such access unless you have a man at every little town where he hauls it in.

Mr. MEADOWS. I had intended to discuss that a little further along, and I shall make perfectly clear what we propose to accomplish and how we propose to accomplish it, for the benefit of the farmer.

Mr. KINCHELOE. Very well; I did not wish to interfere with the trend of your argument.

Mr. MEADOWS. I had just stated, I believe, that we wished to substitute for the present methods of arbitration an arbitration through the Department of Agriculture. This has been in practical effect, gentlemen, in the future exchanges since 1919, and our experience has shown that the Government classes of cotton delivered on future contracts have worked well.

Mr. ASWELL. Let me ask a question right there. You say that the arbitrations at New Orleans and New York now are not satisfactory. How would they be made satisfactory by this bill?

Mr. MEADOWS. Under this bill the arbitration would have removed from it any element of gain or support for the committee which acts as arbitrators.

Mr. ASWELL. How would you abolish the commissions that are already in existence?

Mr. MEADOWS. We would not abolish them; we would not interfere with them if they wanted to continue. But the fact that we had established Government arbitration probably would offer such competition that the arbitrations through private parties—that is, through the cotton exchanges—would possibly cease. They would not be necessary. And I have it from cotton shippers that such a thing is desired by them. I do not mean to speak for them, but I have heard a number say that they wished that very thing to happen.

In addition, I wish to point to the fact that grain has been handled on the United States grain standards for five or six or seven years—I do not know the

exact length of time—and the members of the grain trade have found that act very satisfactory.

Mr. CLARKE. But they are objecting very strongly—

Mr. CLAGUE. Not to the inspection; no.

Mr. CLARKE. They say they want regrading.

Mr. CLAGUE. They are objecting to the grades that have been established by the department.

Mr. MEADOWS. We have already established our official grades and the grades are satisfactory to the cotton trade, because they were established by the cotton trade itself.

Mr. ASWELL. You have not established grades with reference to the staple.

Mr. MEADOWS. Not only the grade, but the length of staple has been established in the official cotton standards of the United States.

Mr. KINCHELOE. I understand this bill does not undertake to alter the 10 grades of cotton?

Mr. MEADOWS. Not at all; it has no reference to future trading in cotton. It is an attempt to pass on to the spot business of the United States some of the privileges that we have already afforded to the future trade.

Coming back to grain, I think it will be admitted generally that the grain standards bill has given satisfaction during the time it has been in effect, and I think the cotton producers of the United States should be accorded the same privileges as are being accorded to the grain producers. But there is this difference between the two bills. The grain standards measure is supported by a direct appropriation of something over \$500,000 a year out of the Treasury of the United States. We propose to make the cotton standards bill self-sustaining after we once get it started.

I might say parenthetically that we expect to ask for about \$50,000 to start it, but we will give you the promise that that sum will be refunded, as we did refund the money which was given us to start our classification work under the cotton futures act in 1919. Every cent that was given to start the cotton futures act in the way of classification of cotton at future exchanges has been returned to the Treasury, and we propose to do the same thing with any appropriation that may be made under this act.

Mr. McLAUGHLIN of Michigan. What is there about this system that should require a great deal of money to establish it?

Mr. MEADOWS. This, Mr. McLaughlin; We will be called upon to establish boards of arbitration or boards of examiners, at other points—

Mr. McLAUGHLIN of Michigan. Well, you would simply appoint some men?

Mr. MEADOWS. We appoint three men usually, or more, as examiners to constitute each board.

Mr. McLAUGHLIN of Michigan. And they will be compensated how?

Mr. MEADOWS. On a per bale basis for the work that they do.

Mr. McLAUGHLIN of Michigan. They will not have a salary?

Mr. MEADOWS. They will have a salary from the Department of Agriculture, but the Department of Agriculture will charge a fee, as it does at present for the handling or classification of cotton at New York and New Orleans.

Mr. McLAUGHLIN of Michigan. And the money that you are asking for now to start this is to pay the salaries of those men until this system gets into working order and the fees come in in sufficient amount to pay them?

Mr. MEADOWS. To pay them; yes, sir.

Mr. KINCHELOE. Is that provided for in this bill?

Mr. MEADOWS. No, sir.

Mr. McLAUGHLIN of Michigan. Well, the salaries after that will not be paid out of the appropriation?

Mr. MEADOWS. No, sir; they will not be after we get it started.

Mr. McLAUGHLIN of Michigan. They will be paid out of the fund accumulated by the payment of fees?

Mr. MEADOWS. Yes, sir; by those who request the service. That is working well in the cotton futures department of the cotton trade, and I think it will work equally well in the spot end of the business, but it will take some time to get it on a paying basis.

Mr. McLAUGHLIN of Michigan. It is not provided, however, and I presume it is not intended, that the appropriation that is paid to these men, or out of which these men are paid, will be returned to the Treasury out of the fees?

Mr. MEADOWS. It is not stated, but we did, as a matter of fact, return it in our management of the cotton futures act. In the management of the cotton futures act the money advanced for the work at New York and New Orleans

was returned, and we can return this after awhile, but we would like to have it to start on and get the work going.

Mr. McLAUGHLIN of Michigan. But would you be authorized to return it? Would it be proper for you to return it without the direction of law?

Mr. MEADOWS. I can not answer that, as I am not a lawyer. As a matter of fact, we did return it under the cotton futures act, and the Treasury took it and they have the money.

Mr. KINCHELOE. If it is intended to do that, why not put it in the bill?

Mr. MEADOWS. I have no objection to that, gentlemen. It is our firm determination to do that particular thing.

The CHAIRMAN. Do you propose to pay those men salaries?

Mr. MEADOWS. To pay them salaries, just as we have men hired at the present time under the cotton futures act as amended in 1919.

The CHAIRMAN. But they now operate only in the large markets.

Mr. MEADOWS. We do not propose, Mr. Haugen, to go into the small markets. This will only apply on appeal to the Department of Agriculture on interstate and foreign shipments.

The CHAIRMAN. But about the inspection?

Mr. MEADOWS. That is the reason we put section 7 in there, to give us the authority to conduct inspections. As a matter of fact, nearly all of our work will be with reference to agreed-upon samples, but in case there was no agreement about samples, it would be desirable for the Secretary of Agriculture to have authority to go out and get samples. In administering the cotton futures act as it was originally passed we found that from 90 to 95 per cent of the business of arbitrations was based upon agreed-upon samples.

Mr. McLAUGHLIN of Michigan. And in the event of a controversy between the buyer and seller, do you not think they could agree upon a sample?

Mr. MEADOWS. Yes, sir.

Mr. McLAUGHLIN of Michigan. Then, it would not be necessary for the department to go clear across the country to get a sample?

Mr. MEADOWS. You are entirely right about that.

Mr. McLAUGHLIN of Michigan. In all matters of arbitration there has to be an agreed state of facts.

Mr. MEADOWS. We propose to handle it that way as far as possible.

Mr. McLAUGHLIN of Michigan. If the people who are engaged in a controversy can not go to the trouble of taking a sample and agreeing upon it and sending it to some central point where the agent of the department is located, or where the board of arbitration is located, it seems to me we ought to leave them to fight it out between themselves. I dislike the idea of putting section 7 in the bill; it authorizes and practically directs the Secretary of Agriculture to send men to every place where cotton is sold. It gives him authority to do that, and I dislike to give him any authority that we do not wish him to exercise. It seems to me it is going too far.

Mr. MEADOWS. Let me answer that objection; I think I can meet it fairly. It is well for the Secretary of Agriculture to have authority to perform the duties that this law will put upon him. Keep in mind this fact, if you please, that one party to the contract may be in Europe. He may withhold all consent for the Secretary of Agriculture or anybody else to look at the cotton, and yet the Secretary of Agriculture has been asked by the American shipper to arbitrate. Then in case the man abroad refused such consent, the Secretary's hands would be tied so far as sampling the cotton himself or knowing that he had genuine samples.

Mr. McLAUGHLIN of Michigan. If the cotton is over in Europe—

Mr. MEADOWS. It is going to Europe.

Mr. McLAUGHLIN of Michigan. How in the world is he going to get a sample out of it?

Mr. MEADOWS. It is in process of shipment to Europe, one party to the contract being in Europe and one party being in the United States. You see, a situation might easily arise where there would be no way for the two parties to reach an agreement as to samples.

Mr. ASWELL. And the controversy might arise after the cotton arrived in Europe?

Mr. MEADOWS. In that event it is possible that we could not arbitrate it.

Mr. JONES. Is a sample of that cotton always left in this country?

Mr. MEADOWS. It depends upon how the cotton sample is left. If the sample is genuine, according to the rules of the Secretary of Agriculture, and he keeps it in his custody he could arbitrate on that sample of cotton after the shipment had gone abroad, because he would know that it was a genuine sample of the cotton.

Mr. CLARKE. Mr. Chairman, may I interrupt the gentleman at this time to present another matter? Two members of the committee have to leave, and we have a quorum here.

The Senate has put through a resolution, S. Res. 398, authorizing a committee of the Senate to hold an investigation and hearings, in recess or at any time, relating to reforestation, and I desire authority from this committee for the drafting of a resolution authorizing our committee or a subcommittee appointed by the chairman to join with the Senate committee. We have assurances that the Senate committee will be glad to have us cooperate with them if we can get such a resolution through.

I make a motion that the chairman be authorized to prepare a suitable resolution, authorizing the chairman to appoint a subcommittee or take other effective steps toward getting the resolution through the House.

Mr. ASWELL. I second the motion.

The CHAIRMAN. Would you make that a committee, or a subcommittee thereof?

Mr. ASWELL. Why not adopt the Senate resolution?

Mr. CLARKE. It is just changed to meet our situation.

Mr. VOIGT. How many members would you have on this committee?

Mr. CLARKE. Those are matters which you gentlemen who are older in legislative experience than I am could determine better than I.

The CHAIRMAN. It might be we would want to divide up the committee. Perhaps it would be well to make it the whole committee, so that if the whole committee could not give it its time subcommittees could be appointed, for instance, one to go to the east and one to go to the west. But that would be for the whole committee to determine.

Mr. McLAUGHLIN of Michigan. Does the Senate resolution provide for the appointment and operation of more than one committee?

Mr. CLARKE. No.

Mr. KINCHLOE. Any committee we might have ought to work in conjunction with the Senate committee, I should think.

The CHAIRMAN. How would it do to word it like this:

"Resolved, That the Committee on Agriculture of the House of Representatives, or a subcommittee thereof, is hereby authorized to investigate problems relating to reforestation in the national forests, to establish a comprehensive national policy for timber," etc.

Mr. KINCHLOE. If they are going to travel, how do they get their expenses paid?

The CHAIRMAN. At the end it says: "That the expenses of the committee shall be paid out of the contingent fund of the House."

Mr. JONES. I think that as far as practicable the resolution ought to follow the Senate resolution.

Mr. ASWELL. If the Senate committee does not divide up into subcommittees, the House could not very well do so.

Mr. VOIGT. Not if we are going to cooperate with the Senate. We would have the same resolution. If this committee is going to cooperate with the Senate committee we will have to be where the Senate committee is.

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent to be recorded as voting aye on this resolution. I have to leave.

The CHAIRMAN. Without objection, it is so ordered. I think the Senate committee would have authority to appoint subcommittees; it may be a subcommittee of one or five, or whatever it may be.

Mr. ASWELL. It says five, though.

The CHAIRMAN. That is just one committee. That committee can divide up, of course.

Mr. KINCHLOE. This resolution provides that the President of the Senate shall appoint five members, three from the majority party and two from the minority party, to investigate reforestation. Has this resolution already passed?

Mr. CLARKE. Yes; and they have held a meeting.

The CHAIRMAN (after further informal discussion). You have heard the motion. Are you ready for the question?

(The question was called for, and the motion of Mr. Clarke, having been first duly seconded, was agreed to.)

The CHAIRMAN. The motion is carried unanimously. I will introduce it to-day.

Mr. ASWELL. Mr. Chairman, I would like to make the request that the committee hear Representative John W. Langley on Monday or Tuesday on the subject of garden seeds. He has a resolution before this committee. I promised to make the request this morning and let him know.

The CHAIRMAN. We have also agreed to hear Mr. Silver on Muscle Shoals. Do you desire to make a motion to that effect?

Mr. ASWELL. Yes, sir.

(After informal discussion, the question was called for, and the motion of Mr. Aswell, having been first duly seconded, was agreed to.)

The CHAIRMAN (after further informal discussion). Without objection, the Chair will confer with Mr. Silver and call a meeting of the committee at such time as may be agreed upon.

Mr. ASWELL. Mr. Chairman, if we do not let this witness proceed, we will have to let him return next week.

The CHAIRMAN. Very well. Mr. Meadows, you may proceed.

Mr. MEADOWS. I had just stated, Mr. Chairman, that the present bill was far less expensive to the United States Treasury than the grain standards act, but that it would accomplish practically the same ends, in my judgment. I wish to point out further that as another measure of economy we could use the two boards that we have at New York and New Orleans to perform work under this act, and thereby minimize the expense of putting this bill into effect.

Mr. McLAUGHLIN of Michigan. There is one thought occurs to me there, although I may have the wrong impression. It is with reference to this inspection by the Department of Agriculture and this settling of controversies over grades, and so on. Suppose there is a foreign shipment—and there will be many shipments to foreign countries—without any controversy?

Mr. MEADOWS. Yes, sir.

Mr. McLAUGHLIN of Michigan. And therefore there will be no action by the Department of Agriculture?

Mr. MEADOWS. Certainly not.

Mr. McLAUGHLIN of Michigan. It has been urged that one of the results to be obtained by this measure, or greatly desired, at any rate, was to protect the American shippers against injustices such as have been practiced against them in the Liverpool market, where the grades are somewhat different and the American shipper is at a great disadvantage. Now, if the shipment goes to Liverpool without any controversy arising in this country, with no opportunity for the Department of Agriculture to interfere and make a finding—and I presume that a very, very large number of the shipments will go through without any controversy and without any opportunity of the Department of Agriculture to act—where does the American shipper have the advantage which you have spoken of, the matter never having been passed upon in this country?

Mr. MEADOWS. Of course, if the American shipper does not put himself in position to avail himself of the opportunity for arbitration by his own Government, he forfeits any advantage that he might have under this bill, but I believe that when the American shippers know that they can get arbitration by their own Government they will proceed to conduct their business on that basis, and it will always be conducted so as to come within the regulations which the Secretary will make under this bill.

Mr. McLAUGHLIN of Michigan (interposing). But the Secretary of Agriculture does not act unless there is a controversy.

Mr. MEADOWS. Certainly not.

Mr. McLAUGHLIN of Michigan. And there is no way in which the American shipper, or anybody connected with the sale or purchase or shipment, can ask the department to intervene unless there is a controversy.

Mr. MEADOWS. Probably the American shipper would put himself in a position to avail himself of the advantages afforded by the bill.

Mr. McLAUGHLIN of Michigan. But how can he, unless a controversy arises?

Mr. MEADOWS. He can raise the controversy if necessary, Mr. McLaughlin, before letting the cotton leave, and get a final determination of the grade and staple of his cotton before it leaves America.

Mr. McLAUGHLIN of Michigan. Do you mean you would invite a controversy so that the department could intervene?

Mr. MEADOWS. I do not say that he would; I say that he might. I believe that if this bill becomes a law the American cotton business will be conducted in such a manner as to receive the benefits that should come from this bill. I can not help believing that Americans are shrewd business men, and they will be sharp enough to conduct their business within the provisions of this law.

Mr. McLAUGHLIN of Michigan. I realize that when a difference arises between the American shipper and the foreign officials, the board of arbitration in Liverpool, or whatever it may be called, it would be very helpful to the American shipper if suit is begun to be able to show in the court that this matter has been passed upon and determined by the Department of Agriculture, which means the American Government. But the Department of Agriculture is not authorized to act in any manner unless there is a controversy in this country. I should imagine that in the vast majority of shipments there would be no such controversy. Your answer to my question would indicate—it does to me at least—that you might provoke a controversy.

Mr. MEADOWS. Not the Government. The Government would never provoke a controversy.

Mr. McLAUGHLIN of Michigan. No; not the Government, but one or the other of the parties to the transaction in this country would provoke it.

Mr. MEADOWS. Perhaps I can give you a parallel illustration that will serve to clear up the difficulty. The grain business is conducted at the present time, as I understand it, on the basis that the American certificate is final, and if this bill should become law I see no reason why the cotton trade should not be put on the same basis and that the certificate by the American Government would be final on cotton.

Mr. McLAUGHLIN of Michigan. The American Government does not issue such a certificate unless there is a difference of opinion.

Mr. MEADOWS. Unless appealed to.

Mr. McLAUGHLIN of Michigan. Unless it is appealed to.

Mr. MEADOWS. Perhaps I can give you a parallel illustration that will serve to clear up the difficulty. The grain business is conducted at the present time, as I understand it, on the basis that the American certificate is final, and if this bill should become law I see no reason why the cotton trade should not be put on the same basis and that the certificate by the American Government would be final on cotton.

Mr. ASWELL. There is one point I am not clear on. I recognize the value of your suggestion as to establishing world standards, and I approve all you have said with reference to that, but I am not yet able to see how this bill could possibly establish world standards in the European countries, for example.

Mr. MEADOWS. Mr. Aswell, we are not trying to establish American standards in European countries unless those countries are agreeable to that step.

Mr. ASWELL. But you state you tested it twice and found them not agreeable to it.

Mr. MEADOWS. Perhaps it will be more agreeable to them with this law on the American statute books.

Mr. ASWELL. Well, why?

Mr. MEADOWS. For the reason that all cotton that they buy can be—I will say—certificated, can have its grade and staple determined by the American Government, and in my judgment their own arbitration boards will more likely be willing to accept such certificates.

Mr. ASWELL. But that is a guess.

Mr. MEADOWS. Well, you are talking about something in the future. I am a cautious man, and do not like to give too positive an answer, but my judgment is that the arbitration committees on the other side of the water will not dare to be high-handed in their arbitrations if this bill were the law.

Mr. ASWELL. They have been?

Mr. MEADOWS. Yes; they have been.

Mr. ASWELL. And they are now?

Mr. MEADOWS. Yes; but if this law is approved, then when the American Government has passed judgment as to the grade and staple of the cotton and an arbitration committee on the other side differs radically from the American Government's decision, then the foreigner would have no claims in the courts of the United States against the American on this side of the water, and could not collect any claim, because the law here specifies that the determinations of the Department of Agriculture shall be prima facie evidence in all Federal courts.

Mr. McLAUGHLIN of Michigan. Mr. Aswell, this is my understanding of that situation. At the present time the Government having had nothing to do with the matter here, when the arbitration board in Liverpool has passed on a shipment of cotton as to which the buyer in Europe differs with the shipper

in this country, the buyer sends a claim back to this country and sues in the United States court. Under present conditions the shipper in the United States, the man against whom the suit is begun, is at a great disadvantage, and, practically, he is at the mercy of the man who brings the suit, and the court here gives judgment against the American defendant. But if the Government itself had passed upon the question and issued a certificate and the Liverpool buyer began suit over here the shipper in America would have the advantage.

Mr. ASWELL. When does the Government issue that certificate? Only in the case of a controversy?

Mr. McLAUGHLIN of Michigan. Oh, yes; in the case of a controversy. But when the department here does issue this certificate as to grade, quality, and so on, then if the European buyer institute suit here the American shipper will have an advantage that he does not now have, because his Government will have passed upon the cotton here, and the court will act upon the Government's findings.

Mr. MEADOWS. Mr. McLaughlin, I thank you for your explanation. It is better than I could have made.

Mr. ASWELL. Let me ask you a question right at that point. What would prevent the European buyer from buying that cotton delivered at his house, having nothing to do with interstate or foreign commerce, and then suing in his own court?

Mr. McLAUGHLIN of Michigan. No; the cotton from this country is shipped to the buyer in Liverpool c. o. d. The buyer over there must pay for it before he even sees it.

Mr. ASWELL. Is it all shipped that way?

Mr. JONES. They say that is the universal custom.

Mr. McLAUGHLIN of Michigan. And therefore the American shipper has the European buyer's money in his pocket, and if the European wants to sue he has to come over here and sue in the United States court for it.

Mr. ASWELL. France buys cotton almost exclusively with reference to staple; they demand the longest staple they can get. The New England mills want the best cotton, because their work is done largely by the piece. Now, the New England mills would be held, iron-bound, by this Government, but I have not yet been able to see from your testimony how we can influence France to turn over her own standards with reference solely to the staple, and how this bill would help us with reference to France and Germany, with one buying the long staple and the other buying the short.

Mr. MEADOWS. This bill makes it mandatory that no shipment of cotton in foreign commerce shall be made with reference to any standard unless it is the standard of the United States.

Mr. JONES. In that connection, would France be willing to accept the same standards as England would?

Mr. MEADOWS. I can answer that question by telling you what men told me in Havre. They said they would accept the standard if Liverpool would. But at that time they were engaged in war on Germany and we were not, and so they were sticking together.

The CHAIRMAN. They can make a contract if they see fit?

Mr. MEADOWS. They can not ship according to any other standard, but the practice of shipping by type or mark—which is not calling it by any standard name at all—can be continued.

Mr. ASWELL. May I ask you another question there? I am very anxious to get information. Suppose I have some good middling cotton and its staples are one and a quarter inches, fine, perfectly good—the best. I sell it in France, and France knows that good middling cotton may have seven-eighths or nine-tenths, or any kind of staple almost. She does not know what this staple is according to our standards here. Would not France pay me the lowest instead of the highest figure for my cotton?

Mr. MEADOWS. I think not.

Mr. ASWELL. Well, why not?

Mr. MEADOWS. Cotton is sold with reference to grade and staple both. Both have been standardized by the United States Government.

Mr. ASWELL. But when the staple is not put in the grade—

Mr. MEADOWS. It never was, Mr. Aswell.

Mr. ASWELL. Well, it ought to be.

Mr. MEADOWS. It is not the practice of the cotton trade—

Mr. ASWELL. How does France know what staple my cotton is?

Mr. MEADOWS. It must be specified. If I buy a pair of trousers I have to give the length and the girth. If I state one dimension only I have stated only half the basis of negotiation. So if I sell cotton and state the grade but do not state the staple I have stated only one-half of what is necessary to describe the cotton.

Mr. ASWELL. All right. Your department has fixed the standards for cotton? Mr. MEADOWS. By grades.

Mr. ASWELL. By grades. And you have only gone halfway. You have built a bridge halfway across the stream, and the other half we can not get across. Mr. MEADOWS. We have standards for staples, and they have been in effect for a long time.

Mr. ASWELL. When you say, for instance, "good middling," why don't you name the staple too?

Mr. MEADOWS. We do. We do exactly that. Every bale of cotton that is delivered on future contract is described by both grade and staple. It is just as essential to have both facts known as it is to know both dimensions of a pair of trousers. On spot cotton we have nothing to do with it, because the law does not give us any right to pass judgment on spot cotton for the spot trade.

Mr. SINCLAIR. Would this bill do that very thing for spot cotton?

Mr. MEADOWS. It would give every dealer in spot cotton the right to go to the Secretary of Agriculture and have his cotton graded, if he wanted it.

Mr. SINCLAIR. And stapled also?

Mr. MEADOWS. Graded and stapled; yes, sir.

Mr. SINCLAIR. I think that answers the question that Doctor Aswell raised. Mr. JONES. As I understand it, England has different names for her standards?

Mr. MEADOWS. Slightly different.

Mr. JONES. And the standards differ from the American standards?

Mr. MEADOWS. That is true; yes.

Mr. JONES. And when cotton is shipped over there and paid for and they raise the question and it is adjudicated over here, they come over here and complicate their standards with our standards here, which have no Government stamp at all?

Mr. MEADOWS. It is always adjudicated in Liverpool, never on this side.

Mr. McLAUGHLIN of Michigan. I understand they have the same standards by name, but the names do not mean the same?

Mr. MEADOWS. Nearly the same.

Mr. ASWELL. You say the adjudication is always in Liverpool. Would this bill bring it back to this country?

Mr. JONES. While the adjudication is over there, they must come back here to collect.

Mr. MEADOWS. That is true; they must come here to collect.

Mr. JONES. And when they come back over here they have their grades complicated with ours, and the man here, even though his grades may be correct, has no Government stamp on them and no assurance that those grades will prevail. But if this bill passes and the stamp of Government approval is on a grade, then when a man comes back over here to file his suit the man on this side will be able to produce his Government certificate, the evidence of Government approval.

Mr. ASWELL. You would have the Government's approval provided there has been a contest?

Mr. JONES. Yes; it is all in case of an appeal. But it would better it to that extent at least, and I do not see how it could hurt anything.

Mr. MEADOWS. It would better it to that extent. And, as I said, I think the American cotton merchants are shrewd enough business men to avail themselves of that protection all the time.

Mr. JONES. Yes; when they have been hooked time after time they will see that their rights are protected, if they have the machinery to do it.

Mr. MEADOWS. It is no more than we have been doing for the grain trade for the last five or six years.

Mr. JONES. I happen to know it has proved successful in the grain trade.

Mr. MEADOWS. Yes; it has proved successful in the grain trade, and we believe it will be equally successful for the cotton merchants.

There is one other thing I want to present, an additional argument for the passage of this bill. This bill supplements and strengthens the cotton futures

act, which is already in existence. It was originally a companion measure to the cotton futures act. It was reported out of this committee, according to my recollection, in Mr. Lever's time, and passed the House at one time—a bill substantially similar to this.

Mr. KINCHELOE. How did you ever get all these cotton men to agree at that time?

Mr. MEADOWS. I do not know, sir; it was newer then than it is now.

I wish to suggest certain modifications of this bill. In order to reach an agreement upon the part of certain members of the cotton trade the Department of Agriculture did not insist on section 3 of this bill, but was willing for that section to be cut out.

The CHAIRMAN. What is section 3?

Mr. MEADOWS. That is with reference to the licensing of classes.

The CHAIRMAN. What is the reason for the bill if you do not license them?

Mr. MEADOWS. Since this bill was written several of the States have commenced to license classers themselves under State laws, and we do not want to interfere with the State licensing systems nor to superimpose our licensing on top of the State licensing. The man that finally determines the grade and staple of cotton really puts the value on it, and if the Secretary of Agriculture is permitted to do that that fact will put the State licensees or private classers in line with the true classification of cotton.

The CHAIRMAN. Why don't you license them as you do in the grain act?

Mr. MEADOWS. It is cheaper to do it as we are doing.

The CHAIRMAN. It only costs a dollar under that act.

Mr. MEADOWS. Here is another thing. The sentiment of some members of this committee is that they do not want to interfere with the rights of the individual through action by the National Government any more than possible. If you attempted to interfere with a man 80 years old who had been classing cotton all his life he would think you were imposing on him.

Mr. SINCLAIR. This cotton is going to go into interstate commerce anyway, and the National Government will override the State governments.

Mr. MEADOWS. That is true, but the fact that we can override those classifications really puts the value on cotton to which it is entitled, and will do away with the need for a great number of licensees.

While I am on that subject I might say that it is not the aim of the Department of Agriculture to add to its rolls a great host of employees either. We believe that a minimum number of men, perhaps not over 25 in all, could administer this bill, in addition to the men we have. I can not now make a definite statement about that.

The CHAIRMAN. If you leave out that section, you might as well not leave any legislation in the bill. What is the use of writing a bill of several pages and then strike out a section thus defeating the purpose of the proposed legislation?

Mr. MEADOWS. Mr. Haugen, the Department of Agriculture is not insisting upon or fighting section 3. It is willing to draft section 3 out of the bill—

The CHAIRMAN. That is the meat of the bill.

Mr. MEADOWS. The meat of the bill is in sections 2 and 4, in my judgment.

The CHAIRMAN. But it is going to weaken your bill if you take that out.

Mr. MEADOWS. We will accomplish the same thing.

The CHAIRMAN. You can accomplish that by simply inserting the word "cotton" in the law we already have—the provision carried in the appropriation bill. For instance, where disputes arise as to the quality of butter or hay by appealing to the Department of Agriculture, the Department of Agriculture will determine the question, and a fee is charged for doing it.

Mr. MEADOWS. I think I know the law you have reference to, but I am not familiar with it. This bill is more specific and more directly pertinent to the interests of the cotton trade than that bill could possibly be.

A second suggestion I wish to make is that section 4 be so amended as to authorize arbitrations on types and marks, in order to prevent any evasion of the specific provisions of the bill.

My third suggestion is that an amendment be put in recognizing existing cotton standards and adopting them for the purposes of this bill. By doing that you would save one year's time.

The CHAIRMAN. They have been adopted, have they not?

Mr. MEADOWS. We have them under the cotton futures act. We want the two acts to have the same standards.

Mr. McLAUGHLIN of Michigan. I would like to call your attention to section 4; it provides: "That any person who has custody of or a financial interest in any cotton may submit the same or samples thereof," etc., "to the Department of Agriculture." You ought to insert there the words "in commerce" in the proper place—"That any person who has custody of or a financial interest in any cotton in commerce." You would not want this to relate to intrastate cotton?

Mr. MEADOWS. No, sir. I am not a lawyer, Mr. McLaughlin; I am willing to take your suggestion.

Mr. McLAUGHLIN of Michigan. Well, I am not much of a lawyer either. But in section 4 I would suggest that after the word "cotton" the words "in commerce" be inserted.

Mr. KINCHLOE. If you do that, then this bill would not benefit the farmer who drives into town and sells his cotton right there.

Mr. McLAUGHLIN of Michigan. The definition of commerce is pretty broad—anything that is intended or naturally destined for interstate commerce. The Supreme Court has gone to that length. It would merely exclude cotton that was clearly not in interstate commerce, and we do not want to make this so broad that it would justify the Secretary of Agriculture or anybody else in taking up every little controversy.

Mr. JONES. Should you not limit it to interstate commerce?

Mr. MEADOWS. The term "commerce" is defined in the bill as meaning interstate or foreign commerce.

I wish to suggest further that the committee should consider the date on which this measure shall become effective.

Mr. McLAUGHLIN of Michigan. What date would you suggest?

Mr. MEADOWS. My suggestion would be August 1 following the passage of the act.

Mr. JONES. Mr. Meadows, with reference to that amendment you suggested a while ago, with reference to grades, have you prepared an amendment there that you can submit?

Mr. MEADOWS. Yes, sir.

Mr. JONES. I wish you would give that to the reporter so that it may be incorporated in the record.

Mr. MEADOWS. With your permission, I will submit it to Mr. Fulmer. He is the author of the bill, and in courtesy to him I would like to let him look it over. That is all I have to submit, Mr. Chairman.

(The additional matter submitted by Mr. Meadows in connection with his statement and authorized by the committee to be incorporated in the record is here printed in full, as follows:)

UNIVERSAL STANDARDS FOR AMERICAN COTTON.

[A paper read before the World's Cotton Conference at Liverpool, England, on July 14, 1921.]

I. INTRODUCTION.

The subject which I present for your consideration is not a new one. In fact, the International Cotton Congress which was held at Atlanta, Ga., in 1907, unanimously passed a resolution favoring the adoption, either by the Government of the United States or by an association composed of representatives of cotton exchanges, cotton growers, and cotton spinners, of uniform standard types for grade and color of cotton of American growth.

Your attention is directed also to the meeting held in Liverpool on June 2 and 3, 1913, at which the idea was indorsed. At that time representatives of American cotton exchanges, European cotton exchanges, and spinners' associations recommended that the Liverpool cotton standards be modified in several respects, after which that they should be adopted as international standards for grade for American cotton. The American representatives at this meeting stated that they would present the matter to their Government, and upon their return home actually did so.

In the latter part of 1914 the United States Department of Agriculture sent two representatives to Liverpool and other leading European cotton markets to urge the adoption by the cotton associations in such markets of a set of standards that had been proposed for adoption by the United States Government as the official cotton standards of the United States for grade of American

upland cotton and thereby to secure the general acceptance in Europe and the United States of a single set of standards for grade. During the negotiations with the Liverpool Cotton Association in November and December, 1914, certain modifications were agreed upon, and the American appeal committee, the special committee, and the board of directors of the Liverpool Cotton Association approved the proposed standards as modified, but the association indefinitely deferred final action upon the matter. Following these negotiations the standards thus agreed upon were, on December 15, 1914, adopted as the official cotton standards of the United States.

Lastly, the subject of uniform classification of cotton was presented to the World Cotton Conference held at New Orleans, La., in October, 1919, by Mr. D. S. Murph, representing the United States Department of Agriculture, and the conference put itself on record as favoring the adoption and use of a uniform system of classification for American cotton.

II. IMPORTANCE.

The importance of having only a single set of standards for American cotton that shall be universally recognized and applied in the cotton trade has long been acknowledged, and efforts to secure the consummation of that end have almost succeeded on at least two occasions, but still the common desire in this direction remains to be realized. That the adoption of uniform standards would greatly simplify the merchandising of cotton is admitted by all. Cotton known as middling in one place, for instance, should be known as middling throughout the world, and cotton of 1-inch staple should not mean one thing in one place and something different in another market of equal importance. These are specific instances which point to the great desirability of a common language in the cotton trade of the world.

Universal standards would not only simplify methods of handling cotton but would tend to higher standards of ethics in the cotton business. Knowing definitely what is expected of him, a shipper would be more likely to make serious effort to meet his obligations on shipments by supplying the grade and staple stipulated in the contract.

A most important advantage of universal standards would be the reduced number of arbitrations that are necessarily held in the cotton business each season. Having the same well-established standards in the hands of both European buyer and American seller would facilitate shipments in compliance with contracts, and therefore it would not be necessary for the purchaser of cotton to arbitrate shipments continually in order to collect claims for failure to ship according to specifications.

By establishing and using universal standards for American cotton, certain advantages will accrue to the producers of superior varieties of cotton. The world needs cotton of good staple, and spinners are anxious to encourage the production of superior varieties. With a single set of standards for classification established, it is natural that the higher prices which spinners pay for cotton of superior character and staple should be reflected back to the producer more readily than under the present methods, when both grade and staple standards are questions of uncertainty and controversy.

By the adoption of uniform standards throughout the world, trading on the future exchanges in both Europe and America will be more nearly on the same basis, future quotations would be more readily comparable, and better hedging facilities would result than when material discrepancies exist in the terms of the future contracts.

Practically all of the American cotton exchanges have passed resolutions indorsing the idea of uniform standards. Many of the leading American cotton firms have expressed similar views. Associations representing producers have likewise favored the establishment of a single set of standards. It may be stated, therefore, that the American cotton trade almost solidly favors the establishment of uniform standards.

The importance of uniform standards for American cotton can perhaps be no better demonstrated than by the citation of a few statistical facts. A reference to the Statistical Abstract of the United States, an official publication, discloses that during the calendar year ending December 31, 1920, exports of American cotton were valued at \$1,136,408,916; and for the calendar year ending December 31, 1919, \$1,137,371,232. Such figures establish cotton as the leading export commodity of the United States, and certainly the entire

American people are concerned with the handling and marketing of a product which means so much to the economic welfare of their country.

Indeed an examination of the statistics for the 50-year period from 1865 to the close of 1914; that is, for the 50-year period of peace when marketing was normal, discloses that the total exports of cotton from the United States in round figures were \$13,610,000,000. During the same period the actual net balance of American exports over imports was, in round figures, \$10,343,000,000. In other words, the one article cotton exported from the United States exceeded by \$3,267,000,000 the total net favorable balance of trade for the 50 years preceding the outbreak of the war in Europe. It should be borne in mind that nearly all of this \$13,600,000,000 worth of cotton was exported on contracts which called for arbitrations before a board of arbitrators, on which Americans did not have and still do not have a representative, and even the standard of classification itself is not well known by many American exporters. Certainly, as a matter of justice for those Americans engaged in the export cotton trade, an agreement on cotton standards should be reached in order to facilitate the handling on fair and equitable terms of the leading export crop of the United States.

I take it, therefore, that the importance and desirability of universal standards having been recognized in past conferences and by similar meetings of the cotton trade, it will not be disputed in the present conference, and that this representative body will lend its active support to the movement to secure universal standards and will take the initiative in finding a way for the accomplishment of that end.

III. DISCUSSION APPLIES ONLY TO STANDARDS OF CLASSIFICATION.

I desire to confine myself strictly to the consideration of the matter of universal standards of classification. I do not raise questions which, though important in themselves, are not strictly connected with the subject of standards and should be separately considered. The treatment of tare, country damage, loss in weight, and arbitrations, although of great importance, should not be included in the discussion of the important question of uniform standards.

It is doubtless unnecessary, but in order to avoid any possible misunderstanding, it may be stated that the adoption of universal standards would in no way prevent or interfere with the practice of European spinners in buying their supplies of cotton on mark or type. Under the proposed change they would be unhampered in following this method of business.

IV. PRACTICAL STEPS TO ACCOMPLISH THE END IN VIEW.

The end in view may be accomplished through the courses of action which I wish to present for your impartial consideration.

The simplest way, it seems to me, to bring about the establishment of universal standards for American cotton would be for the leading cotton exchanges of Europe to adopt the official cotton standards of the United States for American upland cotton as they now exist, since they have already been considered and approved by competent officials of the leading European exchanges. As here used the term "upland" includes all growths of cotton within the United States except Sea Island, Meade, and American Egyptian or Pima. It is thought that there will be no question regarding the United States official cotton standards for determining length of staple, as that standard is a basic, descriptive one on which interested parties should find no difficulty in agreeing, inasmuch as character in cotton is not covered by these standards.

In this proposal to adopt the official cotton standards of the United States as the basis of the world cotton standards for American cotton, there is implied no criticism of any other standards, and the recommendation is made solely for sound practical reasons. They have the sanction and recognition of the laws of the United States, and that Government assures their accuracy. They became legally effective in 1915 and have remained unchanged ever since. They govern in all deliveries of cotton on all American future exchange contracts, and have been officially adopted by all important American spot cotton exchanges.

In addition, they are recognized in the laws of several of the States and American producers, merchants and spinners alike have found it desirable to conduct their business on the basis of these standards. The United States De-

partment of Agriculture has unexcelled classification rooms and facilities and employs experts in cotton classification to enable it to maintain the standards unchanged and the proper application of the standards. By authority of Congress there is annually expended more than \$200,000 in the United States for these purposes, and for the dissemination of market information based upon these standards.

In advocating the adoption of the official cotton standards of the United States I do not contend that all of the present standards are perfect nor that some changes would not prove to be desirable or acceptable. If changes are desired by any important section of the cotton industry the United States Department of Agriculture will gladly cooperate in the task of determining proper modifications. It will do this because it is considered of the highest importance that the standards be practical in application and universally recognized and used by growers, merchants, spinners, and others who are concerned in the handling of American cotton. I do not think, however, that the formulation and adoption of such modifications should prevent the immediate acceptance and use of the official cotton standards of the United States until such modifications shall have been agreed upon. It should be mentioned in this connection that the United States cotton futures act, the law which governs these standards, specifically requires that there shall be at least one year's public notice of any changes or revision of the standards and it might take considerable time and care to work out changes, if found necessary, which would be acceptable to all interests concerned.

But the United States Department of Agriculture seeks no advertisement or advantage for itself in this matter and is merely directing its efforts to secure the adoption of a single set of standards that will be universally accepted as a means of benefiting the cotton trade as a whole. It may be stated that the only standards at present in use in the trade in American cotton are the Liverpool standards, principally used in England and the Continent, and the official cotton standards of the United States which are commonly used within the country of production.

As a matter of fact, the variations between the Liverpool grades and the official standards of the United States for the grades of white cotton are such that they should be easily reconciled. An "entente cordial" among producers, merchants, and spinners should certainly be worked out, and the set of standards thereby resulting should be accepted by all those interested and be put into universal use. Accordingly, I wish to suggest, in case objection is raised to the method which I have already presented for accomplishing the purpose, that this conference use its good offices to reconcile present discrepancies between the Liverpool standards and the official cotton standards of the United States, and thereby reach a common ground on the matter.

In this connection it is not amiss to say that Liverpool's distinction as to priority in the cotton trade is fully recognized. I is known that she is proud of and jealous of her reputation as a cotton market. It is not my desire to detract from or to impair in any way her prestige. But certainly with the wise leadership in matters pertaining to cotton usually displayed at Liverpool, the Liverpool Cotton Association will readily participate in an undertaking which has such far-reaching and beneficial effects on the cotton trade on both sides of the Atlantic as the question under consideration.

Accordingly, I propose for consideration and adoption by this conference a resolution to the effect that the official cotton standards of the United States, with such modifications thereof as may be determined upon, should be adopted and universally accepted as the sole recognized standards of classification of American cotton; and that a committee or committees of influential representatives and recognized experts of the cotton industry be appointed to cooperate with the Liverpool Cotton Association and the United States Department of Agriculture in taking the necessary steps at the earliest practicable date to accomplish this purpose, including the consideration and agreement upon any changes or modifications of existing standards that may be deemed necessary.

Mr. FULMER, Mr. Chairman, I have a letter here from ex Congressman Lever in connection with this bill. With your permission, I would like to have that inserted in the record.

The CHAIRMAN. I think there will be no objection to that, Mr. Fulmer. Without objection, it will be so ordered.

(The letter submitted by Mr. Fulmer is here printed in full, as follows:)

THE FIRST CAROLINAS JOINT STOCK LAND BANK,
MEMBER OF FEDERAL FARM LOAN SYSTEM,
Columbia, S. C., February 6, 1923.

HON. H. P. FULMER,
House of Representatives.

DEAR HAMP: I have just reached your letter of January 29 inclosing me a copy of the bill introduced by you, and while I have not had an opportunity to examine it carefully, and will hardly have an opportunity to do so for some time, yet a hurried glance through it discloses what you are undertaking to do, and I feel sure that the passage of the bill would be of great service to the cotton trade in general.

You may recall when I introduced the cotton futures act many years ago I at the same time introduced a bill very similar to yours and which had the same general purpose in view. My recollection is that I did not go quite as far perhaps as you have gone in your bill, but I was dealing with a new thing at the time and the standards had not been so well established as they are now. I think you are fully justified, and if I were in Congress, I would support the movement to compel the use of the standard for cotton shipped through interstate commerce.

With personal regards and best wishes, I am, your friend,

A. F. LEVER.

THE CHAIRMAN. May I have the attention of the committee? With reference to the proposed investigation of reforestation, a conference has been held by a number of members of the committee, who have agreed upon a resolution to be submitted to the House. The clerk will please read it.

(The proposed resolution was read in full by the clerk, as follows:)

"[H. J. Res. 438, Sixty-seventh Congress, fourth session.]

"JOINT RESOLUTION Authorizing the chairman of the Committee on Agriculture to appoint a subcommittee to consist of not more than eight members of the Committee on Agriculture to investigate problems relating to reforestation, and for other purposes.

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the chairman of the Committee on Agriculture is hereby authorized to appoint a subcommittee to consist of not more than eight members of the Committee on Agriculture of the House or Representatives, five from the majority party and three from the minority party, and of which he shall be an ex officio member, to investigate problems relating to reforestation, with a view to establishing a comprehensive national policy for lands chiefly suited for timber production in order to insure a perpetual supply of timber for the use and necessities of citizens of the United States. The committee shall make a final report of its investigations with recommendations to the House not later than April 4, 1924. For the purposes of this resolution, the committee is authorized to sit and act at such times during the sessions or recesses of the Sixty-seventh and Sixty-eighth Congresses and in such places within the United States, to hold such hearings, and to employ such clerical and stenographic assistants as it deems necessary. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per folio. The committee is further authorized to send for persons, books, and papers, to administer oaths, and to take testimony. The expenses of the committee shall be paid from the contingent fund of the House."

MR. McLAUGHLIN of Michigan. You do not say that the committee shall act in cooperation with the committee of the Senate?

MR. CLARKE. No; but I did not think we needed that. We have assurances from the Senate committee that they will cooperate.

MR. McLAUGHLIN of Michigan. Why not say "Not more than eight"? You say there it must be eight. You do not say either that the majority of them can act.

THE CHAIRMAN. The committee can determine that. The committee will organize and can then determine the question how to proceed.

MR. VOIGT. You do not say that the chairman shall be ex-officio a member of this committee.

(After informal discussion.)

THE CHAIRMAN. Without objection, the amendment will be added.

MR. ASWELL. Mr. Chairman, I move that the resolution, as amended, be reported to the House.

(The motion, having been duly seconded, prevailed.)

MR. CLARKE. Mr. Chairman, I move that the chairman be authorized to apply for a rule on this resolution and to expedite its passage.

MR. KINCHELOE. I second the motion.

(The motion prevailed.)

(Thereupon, at 11.20 o'clock a. m., Friday, February 9, 1923, the committee adjourned until Monday, February 12, 1923, at 10 o'clock a. m.)

COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES,
Monday, February 12, 1923.

The committee met at 10 o'clock a. m., Hon. Gilbert N. Haugen (chairman) presiding.

There were present: Mr. Haugen, Mr. Purnell, Mr. Voigt, Mr. Sinclair, Mr. Clarke, Mr. Clarke, Mr. Aswell, Mr. Kinchelee, Mr. Jones, and Mr. Ten Eyck.

MR. JONES. Mr. Chairman, Mr. Fulmer is here and has introduced another bill making some changes in the cotton bill that we had hearings on the other day. I understand he has eliminated section 3. I do not know what other changes, if any, have been made in the original bill.

STATEMENT OF HON. HAMPTON P. FULMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA.

MR. FULMER. Mr. Chairman and gentlemen of the committee, the other changes are simply minor changes making the remainder of the bill conform to the new bill which leaves out section 3.

MR. KINCHELOE. What about section 7?

MR. CLARKE. Yes; that is what I was just going to ask. You made the statement here that part of that section, at least, could be eliminated.

MR. FULMER. Yes; the Secretary in his letter—

MR. ASWELL. He did not recommend it, he merely said he would agree to it.

MR. FULMER. Yes; that is true. Nobody recommended that, but some of the committee objected to it and I am perfectly willing to leave out section 3. In fact, I have several letters from the States saying they would rather have that within the States and under the management of the States so that they can license their graders and manage that in the States; but in grading the cotton, under my bill, the seller of cotton would have the right of appeal to the Department just like you have now under the grain grading bill.

MR. KINCHELOE. Section 7 is section 6 in your new bill.

MR. FULMER. That is right.

MR. SINCLAIR. The action of your States would not have any weight if you have a national standards act.

MR. FULMER. It would if you adopted this bill. About 10 of the States have already passed State laws adopting the United States standards but they are unable to enforce them without the adoption of this bill which I offer now.

THE CHAIRMAN. Why do you not provide as is provided in the grain standards act and license these inspectors so the Secretary can weed out the inefficient, and only license the best.

MR. FULMER. I am perfectly willing to do that except some member of the committee objected, and I thought we could manage that very easily in the States, and the idea would be that the Department of Agriculture in Washington would have the expert graders and just as soon as conditions would warrant it, the Department would place them, for instance, at Atlanta, Dallas, Savannah, and the larger centers, just like they have them now in New Orleans and in New York.

THE CHAIRMAN. That is what we would have under either system. This does not change that at all, and my suggestion is to give the Secretary authority to weed out the undesirable and inefficient.

Mr. JONES. Which plan would you prefer, Mr. Fulmer? Would you like the bill better with section 3 in it?

Mr. FULMER. I would just as soon have it out and leave that part of it with the States, because I believe it would be quite a job on the hands of the Secretary of Agriculture in Washington to pass on the qualifications of anyone applying for the position of grader of cotton, and that could be done better in the States.

Mr. JONES. And you have made no other changes?

Mr. FULMER. I have made no other changes except the changes that were necessary on account of eliminating that section.

Mr. PURNELL. What is the possibility of a serious conflict of authority if you refer to the States?

Mr. FULMER. There would not be any whatever.

Mr. SINCLAIR. If the conflict should go far enough it would eventually mean that the States would be eliminated, so far as that is concerned, and the national law would prevail.

Mr. FULMER. Yes; absolutely. As I stated before the committee the other day, several of the States have already adopted the official standards, and we have in South Carolina to-day a number of graders working with the State warehouse commission, working with the Cotton Growers' Marketing Association, so as to deliver their cotton and look out for the interests of the marketing association and the warehouse commission, and they will stand there between the buyer of some big cotton concern and the marketing association, as I showed you the other day with a sample, but they can not do anything now but deal on Liverpool grades or private grades, although they have the Government samples right there to compare their cotton with, and we want now the passage of this bill so as to give them authority to use official standards instead of private standards and Liverpool standards.

The CHAIRMAN. The only thing involved in section 3 is whether or not they shall be licensed by the Secretary of Agriculture. The question is: Do you want to protect the cotton grower and the local dealer in cotton, and if so, do you want that done in an effective way?

Mr. FULMER. Yes, sir.

The CHAIRMAN. Then you want to license them and give the Secretary the power to weed out the undesirable and inefficient?

Mr. FULMER. That would be perfectly all right.

The CHAIRMAN. Now, who are you for? Are you for the grower, or the dealer, or the speculator?

Mr. FULMER. I am absolutely for the grower and the seller of cotton.

The CHAIRMAN. Then you do not want to eliminate that section and you want the Secretary to have the power to weed out the undesirable and to employ only responsible men.

Mr. FULMER. The only difference I see involved in the matter is that if you put in section 3, the Federal Government will get the license fee, whereas if you put it under the State the State will get the fee.

The CHAIRMAN. Both can get their fees. They do that under the grain standards act; a fee is paid for inspection by the States and the Government is paid a fee which makes it self-supporting and turns a little money into the Treasury; of course, a matter of a small license fee does not amount to much.

Mr. ASWELL. The Secretary of Agriculture, in his letter, stated that after an initial appropriation of \$50,000 this would be self-sustaining. Now, how would it be self-sustaining if there are no license fees collected?

The CHAIRMAN. It would not be unless they collected a fee; this section gives the Secretary a chance to weed out the undesirable.

Mr. FULMER. Yes.

The CHAIRMAN. Now, do you want the classing done in an effective and a proper way and do you want to give the Secretary the authority which he is entitled to have and which he should have and which is given to him under the grain standards act, or do you want something written in the bill that will not mean anything after you have it? If you strike out section 3, all you have left in this bill is to apply the same standards to spot cotton as are applied to futures, and the right to prohibit the shipment of cotton as indicated in section 2.

Mr. FULMER. I would like to see section 3 go in, but if you will read the letter of the Secretary of Agriculture—

The CHAIRMAN. I have read his letter.

Mr. FULMER. He states in that letter that it is perfectly all right to eliminate section 3 because the main thing, and the thing I am contending for, is the adoption of the official standards in grading cotton.

Mr. JONES. The way section 3 was worded it simply left the licensing feature in the discretion of the secretary.

Mr. FULMER. Absolutely; yes. It says that he may license them.

The CHAIRMAN. What is the section that permits licensing?

Mr. FULMER. Section 3 of the old bill.

The CHAIRMAN. But you propose to strike that out?

Mr. FULMER. Yes.

The CHAIRMAN. Then it does not leave it to the discretion of anybody and you eliminate the licensing feature.

Mr. JONES. Yes.

Mr. FULMER. Mr. Chairman, may I add right there that if you leave in section 3 all of this work will be done by the Secretary of Agriculture through the Agricultural Department's interests in the various States.

The CHAIRMAN. If you are going to do anything at all you should give the Secretary authority to have the necessary machinery to conduct the business in a proper way. That matter was carefully worked out in the grain standards act and this committee spent months on it, and it has worked out most satisfactorily.

Mr. JONES. Mr. Chairman, then I move you that the committee report favorably the original Fulmer bill.

Mr. FULMER. Mr. Jones, will you wait just one minute. I want to state this for the information of the committee. There was something said about the exchanges, for instance, the New Orleans and New York exchanges, objecting to this proposition.

The CHAIRMAN. They object.

Mr. FULMER. As a matter of fact—

Mr. ASWELL (interposing). Let me interrupt you there to say that they do not object.

Mr. FULMER. I wanted to make the statement before the committee that they are not objecting to this. They will take care of themselves. They realize I am trying to take care of the producers who are being robbed on account of the confusion of the Liverpool grades and so many private grades, and they do not object.

The CHAIRMAN. Then why do you not pass it as originally drawn?

Mr. JONES. I make that motion.

Mr. FULMER. I would be delighted to have you do that.

Mr. JONES (continuing). That we report out the bill that we had hearings on the other day.

Mr. CLARKE. What does the Secretary say about that? Let us hear what the Secretary says about the bill.

Mr. FULMER. Yes; I will be glad to have that letter read.

Mr. KINCHLOE. I do not know anything about the grading of cotton but I am very much opposed to section 7 which would give the Secretary of Agriculture the power to put an inspector at every crossroads town in every cotton-growing county in the South.

(The clerk thereupon read the letter of the Secretary of Agriculture, which appears in another part of the hearings.)

Mr. FULMER. Mr. Chairman, will you allow the clerk to read this short letter from Mr. Lever—Mr. A. F. Lever—in connection with the matter?

(The clerk thereupon read the letter of Mr. A. F. Lever, which appears in another part of the hearings.)

Mr. ASWELL. I am ready to vote on the Fulmer bill right now if you restore section 3 as it ought to be.

Mr. JONES. That was my motion.

The CHAIRMAN. Without objection, we can pass on the amendments.

Mr. JONES. I think we ought to adopt the two complete amendments as suggested.

The CLERK. Mr. Meadows noted some other amendments.

The CHAIRMAN. They are incorporated in the new bill. Do you move that the bill be reported with section 3 in it?

Mr. ASWELL. The original bill?

Mr. JONES. Yes; just the original bill (H. R. 6753) with the two amendments suggested, inserting the word "final" in line 10, section 4, before the word "certificate," and inserting on page 3, line 11, after the word "determined" the words "shall be binding on all officers of the United States and."

ADDITIONAL STATEMENT OF MR. W. R. MEADOWS, DEPARTMENT OF AGRICULTURE.

Mr. MEADOWS. Mr. Chairman, I can state those amendments if you desire. There are no amendments to sections 1 and 2. As I understand it, section 3 is restored as it was in the original bill.

The CHAIRMAN. Is section 3 approved of?

Mr. ASWELL. If we are taking up the old bill, it is already in.

The CHAIRMAN. Then the bill is approved as to sections 1, 2, and 3.

Mr. MEADOWS. In section 4, line 10, I wish to insert the word "final" before "certificate," as already indicated by Mr. Jones.

Mr. JONES. I move the adoption of that amendment.

(The amendment, being duly seconded, was agreed to.)

Mr. MEADOWS. In section 4, at the end of the sentence in line 10, after the word "samples" insert these words, "including a comparison thereof, if requested, with types or other samples submitted for the purpose."

Mr. JONES. Mr. Chairman, I move the adoption of the amendment.

(The amendment, being duly seconded, was agreed to.)

Mr. MEADOWS. The next suggestion which I wish to make is one which Mr. Jones has already made. In line 11, section 4, just before the word "accepted"—

Mr. JONES (interposing). The Secretary suggested that it come after the word "determined" instead of before the word "accepted."

The CHAIRMAN. Read the sentence.

Mr. MEADOWS. "The Department of Agriculture showing such determination shall be"—then insert "binding on all officers of the United States and shall be accepted in the courts of the United States."

Mr. JONES. Mr. Chairman, I move the adoption of that amendment.

(The motion to amend, being duly seconded, was agreed to.)

Mr. MEADOWS. In the thirteenth line of the same section, after the word "classification," insert the words "or comparison."

Mr. JONES. I move the adoption of that amendment, Mr. Chairman.

(The motion to amend, being duly seconded, was agreed to.)

Mr. MEADOWS. On page 4, at the end of the fifth line, section 6, insert the words: "Provided, That the official cotton standards established, effective August 1, 1923, under the United States cotton futures act, shall be at the same time the official cotton standards for the purpose of this act unless and until changed or replaced under this act."

I wish to explain why that is put in. If this bill should pass without that proviso in it, it would take about a year longer to become effective than it would with the proviso. In order to gain a year's time we ask for the insertion of these words.

Mr. JONES. Mr. Chairman, I move the adoption of the amendment.

(The motion to amend, being duly seconded, was agreed to.)

The CHAIRMAN. How about section 7? Is there not some objection to section 7?

Mr. MEADOWS. I leave that to the committee.

Mr. ASWELL. I have none.

Mr. JONES. I have none.

The CHAIRMAN. Was not that discussed here the other day?

Mr. MEADOWS. Mr. McLaughlin did raise an objection to section 7, and I never did get from him exactly the point that he raised, except that he thought the Secretary of Agriculture was granted too much authority in general. I made the proposition to Mr. McLaughlin that so far as the department was concerned we would let him eliminate the objectionable language from section 7.

The CHAIRMAN. Suppose you read section 7.

The CLERK (reading). "That in order to carry out the provisions of this act, the Secretary of Agriculture is authorized to cause the inspection, including the sampling of any cotton involved in any transaction or shipment in commerce, wherever such cotton may be found, or of any cotton with respect to which a determination of the true classification is requested under section 4 of this act."

Mr. PURNELL. What is the controversy?

Mr. MEADOWS. He says there is too much authority.

Mr. SINCLAIR. He has exactly that much authority, or more, under the grain-grading act and under the packer-control act.

Mr. MEADOWS. I made this argument before the committee the other day, that the Secretary is called upon to perform a duty, and there is nothing like giving

him authority to fulfill the duty which you impose upon him. It is not the purpose of the department to go chasing all over the country to find bales of cotton to sample in every little market.

The CHAIRMAN. Would it be agreeable to pass this section—

Mr. ASWELL. I move that section 7 be approved.

The CHAIRMAN. I think we had better leave that open.

Mr. ASWELL. All right.

Mr. MEADOWS. The department is perfectly willing to follow the judgment of this committee in this matter. We think, though, that we ought to be given adequate authority, although we do not intend to abuse that authority.

The CHAIRMAN. Is section 8 approved of?

Mr. MEADOWS. I had no criticism of that at all.

The CHAIRMAN. Does that stand approved by the committee? Without objection, it is so ordered.

Mr. MEADOWS. In section 9, line 22, I understand that the word "sections" should be singular and the "and" should be changed to "or," making it read: "section 2 or 8."

Mr. JONES. I move the adoption of that amendment.

(The motion to amend, being duly seconded, was agreed to.)

Mr. MEADOWS. There is one more thing that should receive the attention of this committee, and that is the date on which this law should become effective, if passed. Our suggestion is that it become effective on August 1, 1923.

Mr. ASWELL. What objection would there be to having it become effective immediately?

Mr. MEADOWS. It would be better to give the cotton trade several months' notice of the change in methods of doing business. The cotton year ends on July 31. August is always a dull period and you would start in your new year on new terms. It will be a new section at the end of the bill.

The CHAIRMAN. Read the section.

Mr. MEADOWS (reading). "Section 14. This act shall become effective on and after August 1, 1923."

You understand, if this bill should not pass the Senate in time and it should pass in say July, I suggest that then you add a year to it.

Mr. JONES. I should think you should say "This act will become effective on August 1, 1923."

Mr. ASWELL. May I suggest, Mr. Chairman, that it will save a lot of discussion on the floor of the House if this bill be introduced with these amendments all in it.

Mr. JONES. I think so.

Mr. CLARKE. That is a good suggestion.

The CHAIRMAN. Yes. Is there any motion before the committee?

Mr. JONES. I move the adoption of the amendment.

(The motion to amend, being duly seconded, was agreed to.)

Mr. PURNELL. What are we going to do about section 7?

The CHAIRMAN. There was some objection to that.

Mr. CLARKE. In view of the objection, I do not think we ought to take final action at this time.

The CHAIRMAN. Mr. Fulmer, suppose you confer with Mr. McLaughlin, and whoever drafted this, and if agreeable to them you might introduce it with that section as it is and with these amendments.

Mr. FULMER. I shall be glad to do that.

Mr. ASWELL. We do not want to authorize him to change that section.

The CHAIRMAN. No; but if the section is agreeable to him you can then introduce it.

Mr. FULMER. May I suggest that you allow me to reintroduce the bill as it stands now, leaving that section in? I do not think there is any serious objection, and that could be changed.

The CHAIRMAN. The committee ought to pass upon it.

Mr. ASWELL. I move that when the committee adjourns it adjourn to meet Thursday morning at 10 o'clock.

(After informal discussion relative to the next meeting of the committee:) Mr. JONES. I suggest we meet in the morning, not for the purpose of having any hearing, but just for the purpose of taking any action the committee may see fit on bills that have been completed?

The CHAIRMAN. Without objection, it is so ordered.

(Whereupon, at 12 o'clock m., the committee adjourned to meet at 10 o'clock a. m., tomorrow, Tuesday, February 13, 1923.)

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**END OF
TITLE**